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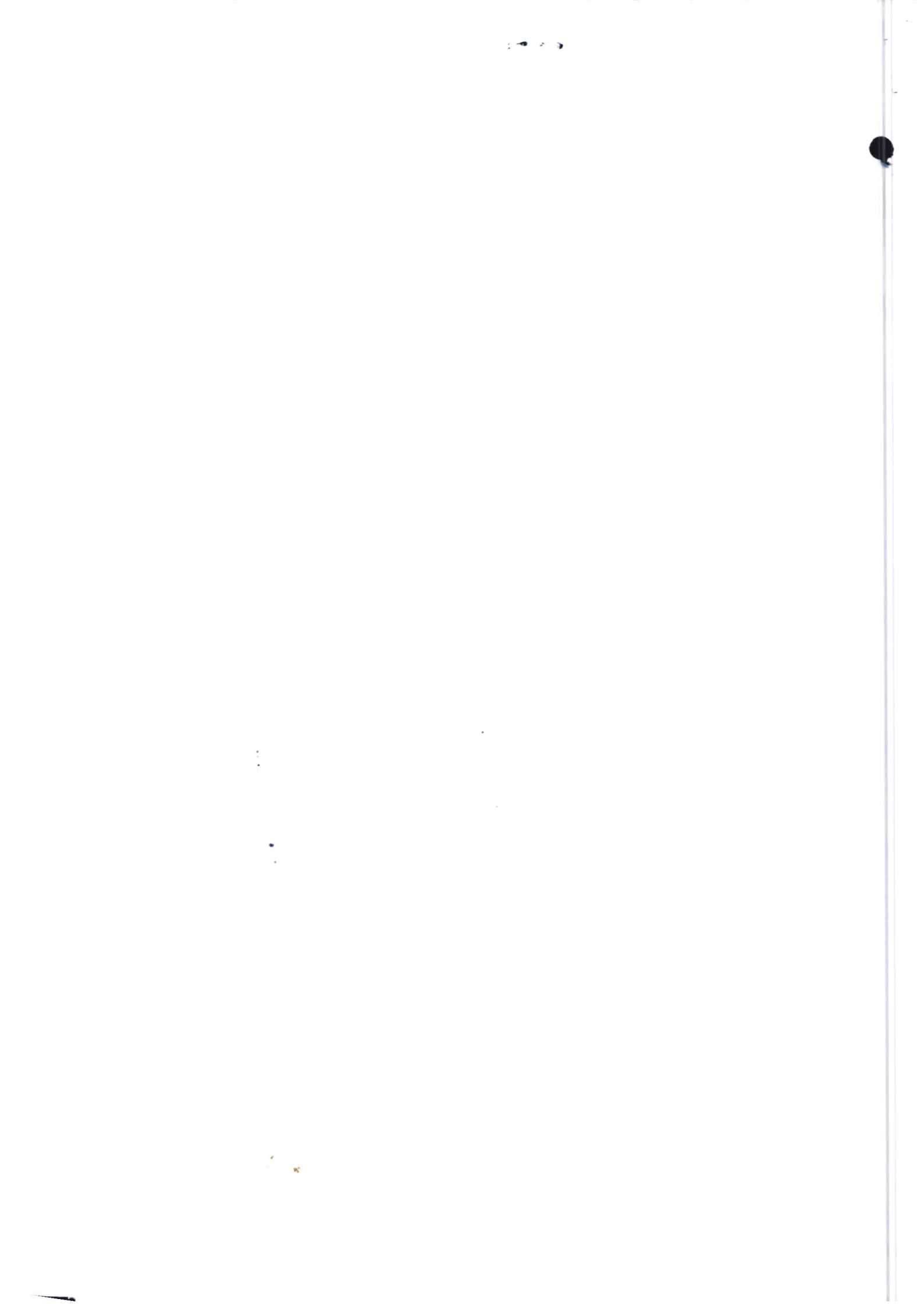
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THE AUDITOR-GENERAL

ON

**MAKUENI COUNTY STATE AND PUBLIC
OFFICERS CAR LOAN AND
MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**





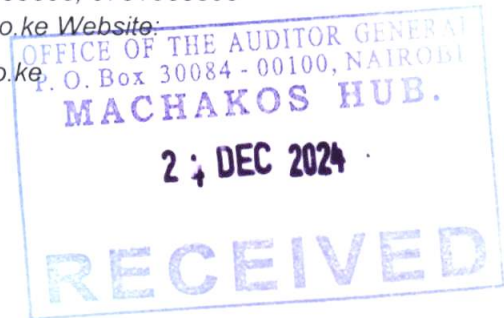
COUNTY GOVERNMENT OF MAKUENI
COUNTY ASSEMBLY OF MAKUENI

P.O. Box 572-90300 Wote, Makueni

Tel.: 020-2393005, 0714392799, 0731633505, 0731663505

Email: info@makueniassembly.go.ke Website:

www.makueniassembly.go.ke



**MAKUENI COUNTY STATE AND PUBLIC OFFICERS CAR LOAN AND
MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED JUNE 30th, 2024**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

2. Key Entity Information and Management

a) Background information

Makueni County Assembly Car and Mortgage Fund is established by and derives its authority and accountability from The Public Finance Management Makueni County State and Public Officers Car Loan and Mortgage fund *Regulations, 2017*. The Fund is wholly owned by the County Government of Makueni and is domiciled in Kenya.

The fund's objective is to disburse Car and Mortgage fund to State Officers and ensure accountability and proper use of public funds.

The Fund's principal activity is to manage all funds disbursed from the County Treasury to the Fund.

The County Assembly as constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 49 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to Advance loans to state officers and public officers in accordance with the PFM Act 2012.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	HON KISUNGI WA KATETE	Chairperson
2	HON JADES KALUNDA	Committee Member
3	HON KENNEDY MANENO	Committee Member
4	HON JACKLINE MUTHINI	Committee Member
5	MR KEVIN MUTUKU	Fund Manager/ Administrator

d) Key Management Steam

Ref	Name	Position
1	MR KEVIN MUTUKU	Fund Manager/ Administrator
2	MR FRANCIS MAITHA	Fund Accountant
3		
4		
5		

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

SN	Position	Name
1	Directorate Internal Audit	CPA Nathan Kilonzo
2	Staff car Mortgage and car Loan Advisory Committee	Makueni County Assembly Car and Mortgage fund Committee.
3		

f) Registered Offices

P.O. Box 572-90300
Off Wote – Makindu Highway
Former Defunct County Council Office
Opposite Makueni County Building Headquarter
Makueni, KENYA

g) Fund Contacts

Telephone: 0731663505/ 0202393005

E-mail: info@makuenicountyassembly.go.ke

Website: www.makueniassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank
Wote Branch.

Key Entity and Management (Continued)

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya





j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney

Makueni County Attorney
P.O Box 81-90300
WOTE.

3. County Assembly Service Board Member's

Name	Details of qualifications and experience
<p>1. Hon. Douglas Mbilu</p> 	<p>Speaker County Assembly/ Chair County Assembly Service Board. Over 8 Years experience with the County Government of Makueni (served as ECM water and chief of staff). Serving his second term as the Speaker of the County Assembly.</p>
<p>2. Hon. Justus Muema</p> 	<p>Vice chair Board/ MCA Kiima Kiu ward Serving his first term as a member of the County Assembly.</p>
<p>3.Hon. Elizabeth Kawembe</p> 	<p>Member board/ MCA Muvau ward Serving her second term as the members of Assembly.</p>
<p>4. Mr. Joseph Kimilu</p> 	<p>External Member Board Over 21 years as an electrical engineer.</p>

5. Miss. Ester Muoti







External Member Board.
Over 11 as a secondary school teacher.


6. Mr. Kevin Mutuku



Clerk County Assembly/ Secretary Board.
Over 7 Years working with the County Assembly, served
as the Clerk for over 4 years.

4. Loans Management Committee

Name	Details of qualifications and experience
<p>1. HON KISUNGI WA KATETE</p> 	<p>MAJORITY LEADER</p> <p>OVER 6 YEARS WORKING WITH THE COUNTY GOVERNMENT. SERVING HIS SECOND TERM AS A MEMBER OF THE COUNTY ASSEMBLY.</p>
<p>2. HON JADES KALUNDA</p> 	<p>MINORITY LEADER</p> <p>OVER 6 YEARS WORKING AS AN ELECTED MEMBER OF THE COUNTY ASSEMBLY.</p>
<p>3. HON KENNEDY MANENO</p> 	<p>MEMBER OF THE COUNTY ASSEMBLY</p> <p>SERVING HIS FIRST TERM.</p>
<p>4. HON JACKLINE MUTHINI</p> 	<p>MEMBER OF THE COUNTY ASSEMBLY</p> <p>SERVING HER FIRST TERM.</p>

5. MR KEVIN MUTUKU 	ADMINISTRATOR OF THE FUND Over 4 years as the Administrator of the Fund.
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5. Board/Fund Chairperson’s Report

During the year there was change in the fund management team as the former Majority leader Hon Kyalo Mumo was replaced by the current member Hon Kisungi Wa Katete and the performance of the fund was good as they were able to disburse car loans and mortgages to the Members of the County Assembly during the financial year.

The future outlook of the fund is promising depending on the financing of the fund by the County Treasury so as to be able to advance all members and staff requests on time and adequately.

I would like to thank all the management team and the technical staff who worked overboard to enable the success of the fund and ensure prudence in the use and administration of public funds.

Name..... *Kisungi Wa Katete* Signature..... *[Handwritten Signature]* Date.....
Kisungi Wa Katete Chairperson of the Board/Fund

6. Report of The Fund Administrator

Section 164 of the Public Finance Management Act 2012 requires that at the end of each financial year, the Accounting Officers for a County Government entity shall prepare Financial Statements in respect to the entity in formats prescribed by The Public Sector Accounting Standards Board and submit the entity's financial statements within 3 months at the end of each financial year to the Auditor General with copies delivered to the County Treasury, Controller of Budget and Commission on Revenue Allocation.

There was value for money in management of the fund as it helped the beneficiaries improve their living standards by purchasing cars and houses.

*The fund during the financial year 2023/2024 had a budget of **Kshs 28,000,000.***

During the year the fund experienced loan delay while processing mortgage applications mainly due to long charging of title deeds to be co-owned by the County Assembly and the loan applicant to secure the property against any disposal.

1. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for 2021-2025 are to:

- To provide quality physical infrastructure in the County Assembly
- To ensure all staff have access to mortgage facilities
- To enable staff access mortgage facilities within the shortness period

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff and Hon Members.	To ensure all staff have access to Mortgage facilities	11 Number mortgages successfully applied	39% of staff taking Mortgage facilities	During FY 11 Members of staff accessed the facility and were able build their own houses
Provision of Car Loan facilities to all members of staff and Hon Members.	To ensure all staff have access to Car Loan facilities	2 Number of Car loans applied	2% Members were accessed car loan facility.	During FY 2 Members of staff accessed the facility and purchased cars.

2. Corporate Governance Statement

During the financial year 2023/2024 the committee held two training to familiarize itself with its roles and mandate. Members were also trained on the PFM Act Guidelines on how to safeguard the public funds while discharging their roles.

The role of the committee is to receive car and mortgage applications from Members of the County Assembly as well as the staff and scrutinize them to check whether all required documents and procedures are followed before disbursements of funds is made to the beneficiaries.

The committee also ensures that monthly deductions are done for all beneficiaries and the same deposited in the funds bank account for it to keep on revolving and growing to benefit other members and staff.

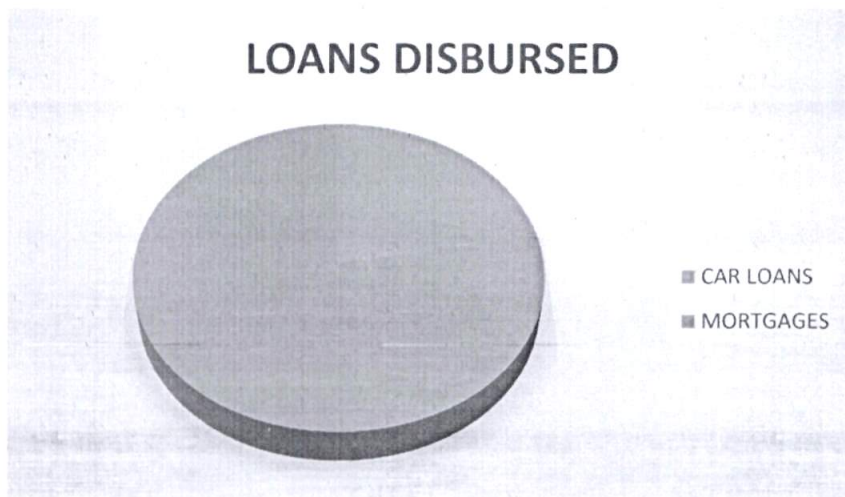
Members of the committee have performed very well as all applications received by the committee were acted upon within 3 days and in case a document is missing an official communication is done informing the affected applicant to submit the same for consideration.

No conflict of interest in the committee has ever been experienced since high level of integrity is observed while discharging their mandates.

The committee remuneration is per the SRC circular on payment of committee allowances for Members of the County Assembly and support staff and the fund administrator are not paid any allowances during the meetings.

3. Management Discussion and Analysis

During the year there was no change in the fund management team and the performance of the fund was good as they were able to disburse a total of 2 Car loan and a total of 11 Mortgage to the Members of the County Assembly during the financial year.



The committee has managed to disburse both Car loans and Mortgage loans totalling to 13 applications and ensured all security to the loans are adhered to, in case of car loans all original logbooks are submitted for jointly registration by the applicant and the county government, mortgages are charged with the applicant's names and the county government in the title deed and a further search is done before disbursement of funds is done.

The committee has engaged Family bank which is the bank managing the funds and sign a Memorandum of Understanding and agreed that the bank should charge an interest of 1% and 2% should go back to the funds accounts to help it grow.

The loans committee has in many occasions written letters to the 1st Assembly mortgage beneficiaries and engaged them on the best way to continue paying their loans not to become defaulters and out of the 16 beneficiaries 3 are repaying their loans on time.

A court case filed by the 1st Assembly beneficiaries has hindered the committee on its full mandate to auction houses which belong to 3 defaulters once the court case is heard and determined the committee will take the necessary action to recover in full the defaulted amounts.

4. Environmental and Sustainability Reporting

Makueni county assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

To achieve Corporate Social Responsibility (CSR) this goal and shape, the Assembly Accounting Officer incentives in the intended direction requires substantial investments in the enforcement infrastructure and in human expertise which are in place in the Assembly.

2. Environmental performance

The Makueni County Environment and Climate Change Policy which was approved on 6th April, 2022. Provides for a legal framework to facilitate a coordinated, coherent and effective response to the local, national and global challenges and opportunities presented by climate change. An overarching mainstreaming approach has been adopted to ensure the integration of climate change considerations into development planning, budgeting and implementation in all sectors and at all levels of government. This Policy therefore aims to enhance adaptive capacity and build resilience to climate variability and change, while promoting a low carbon development pathway.

3. Employee welfare

Makueni county assembly is a equal employer which considers gender ratio while hiring. The institution has been approved and adopted the HR policy; Gender policy 2020 has also been adopted and approved.

4. Market place practices

a) Responsible competition practice.

Makueni county assembly strictly adheres to the laid down procedures of procurement strictly using the IFMIS. the Assembly pays their contractors in time

b) Marketing and advertisement-Makueni county Assembly advertises their contracts on the widely supplies daily newspapers to give members of the public a fair chance to apply.

c) Product stewardship- consumer rights are kept confidential and all data and payment details are stored safely.

5. Community Engagements

Makueni county assembly staff engages in charitable events and welfare. During the FY, the Institution participated in the following events:

- *Ligi Mashinani*

6.The Makueni Volleyball team engaged teams from the county in competition and awareness on what the Assembly does on oversight activities done by the Institution.





- *Sports day*

The institution organised a sports day which involved various players from other institutions in the Assembly grounds. This helped in team building among the staff and Hon Members

5. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are *approving loans to members of the County Assembly and staff.*

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 7.

Trustees

The members of the Board of Trustees who served during the year are shown on page vi-iX with one change of the board were done during the year.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date:

6. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Makueni County Car and Mortgage regulation 2017* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Makueni County Car and Mortgage regulation 2017*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 23.12 2024 and signed on its behalf by:

.....
KEVIN MUKURU

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY STATE AND PUBLIC OFFICERS CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County State and Public Officers Car Loan and Mortgage Fund set out on pages 1 to 43 which comprise of

Report of the Auditor-General on Makueni County State and Public Officers Car Loan and Mortgage Fund for the year ended 30 June, 2024

the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Makueni County State and Public Officers Car Loan and Mortgage Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Makueni County State and Public Officers Car Loan and Mortgage Fund Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Un-Supported Transactions

1.1 Other Income

The statement of financial performance and as disclosed in Note 5 to the financial statements reflect other income of Kshs.2,809,919. Included in the amount is interest income from bank deposits of Kshs.426,163 which was not supported by a schedule to indicate the account which earned the interest and the related dates.

In the circumstances, the accuracy and completeness of other income totalling Kshs.2,809,919 could not be confirmed.

1.2 Statement of Cash flows

The statement of cash flows reflects additional borrowings and repayment of borrowings amount of Kshs.22,185,800 and Kshs.29,600,000 respectively under cash flows from financing activities. However, the payment vouchers and supporting schedules were not provided for audit review. Although Management indicated that the borrowings relate to inter-entities borrowing by the County Assembly, no evidence was provided to confirm the refund of the borrowed funds.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2.0 Failure to Recover Long Outstanding Loan Arrears

The statement of financial position and as disclosed in Note 13.B to the financial statements reflect long term receivables from exchange transactions of

Kshs.363,640,423. Included in the balance is Kshs.70,931,396 in respect of accrued principal from long term loans from previous periods – defaulted from first Assembly.

However, despite a court order issued on 16 May 2023 in favour of the Fund, no recoveries had been made as at the time of the audit in November 2024. In addition Management did not provide the loan amortization schedule showing loan repayments per individual borrower for the entire loan period. Further, included in the receivables from exchange transactions is a balance of Kshs.67,208,256 which includes Kshs.10,963,926 in respect of interest receivable which relates to defaulted loans whose recoverability remains in doubt.

In the circumstances, the recoverability of receivables totaling Kshs.70,931,396 and interest receivables balance of Kshs.10,963,926 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Makueni County State and Public Officers Car Loan and Mortgage Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on pages iii to xvii which comprise of Key Entity Information and Management, County Assembly Service Board Member's, Loan Management Committee, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Pre-determined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Makueni County State and Public Officers Car Loan and Mortgage Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be

materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis of Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

8. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024 FY	2022-2023 FY
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers From the County Government	2		
Fines, Penalties and Other Levies	3		
Revenue From Exchange Transactions			
Interest Income	4	10,409,799	5,488,541
Other Income	5	2,809,919	14,064
Total Revenue		13,219,718	5,502,605
Expenses			
Employee Costs	6	1,067,920	4,861,930
Use of goods and services	7	6,045,043	6,627,028
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses		7,112,963	11,488,958
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit) for the Period		6,106,755	-5,986,352

(The notes set out on pages 9 to 42 form an integral part of these Financial Statements)

.....
 Name: *Kevin Njoroge*
 Administrator of the Fund

.....
 Name: *Francis Njoroge*
 Fund Accountant
 ICPAK Member Number: *13920*

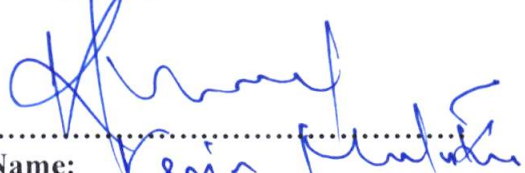
9. Statement of Financial Position As at 30 June 2024

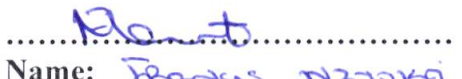
Description	Note	2023-2024 FY	2022-2023 FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	6,092,193	19,651,810
Current Portion of Long- Term Receivables From Exchange Transactions	13.A	67,208,256	67,387,397
Prepayments	14	1,123,655	
Inventories	15		
Investments in financial assets	16		
Total current assets		74,424,104	87,039,207
Non-Current Assets			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13.B	363,640,423	317,646,208
Investment Property	19		
Total non- current assets		363,640,423	317,646,208
Total Assets (A)		438,064,527	404,685,415
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20		727,643
Current Portion of Borrowings	21		
Employee Benefit Obligations	22		
Social benefit liabilities	23		
Total current liabilities			727,643
Non-Current Liabilities			
Long Term Portion of Borrowings	21		
Non-Current Employee Benefit Obligation	22		
Social benefit liabilities	23		
Total Liabilities (B)			727,643

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Description	Note	2023-2024 FY	2022-2023 FY
		Kshs	Kshs
Net Assets (A-B)			
Represented By:			
Revolving Fund		468,115,531	440,115,531
Reserves			
Accumulated Surplus		-30,051,004	-36,157,759
Net Assets		438,064,527	404,685,415

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2024 and signed by:


 Name: Kevin Mwangi
 Administrator of the Fund


 Name: Francis Nzioka
 Fund Accountant
 ICPAK Member Number: 13020

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

10. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	248,600,000.00		-30,171,407	218,428,593
Surplus/(Deficit) For the Period			-5,986,352	-5,986,352
Funds Received During the Year	191,515,531.05			191,515,531
Transfers				
Revaluation Gain				
Balance As At 30 June 2023	440,115,531.05		-36,157,759	403,957,772
Balance As At 1 July 2023	440,115,531.05		-36,157,759	403,957,772
Surplus/(Deficit) For the Period			6,106,755	6,106,755
Funds Received During the Year	28,000,000			28,000,000
Transfers				
Revaluation Gain				
Balance As At 30 June 2024	468,115,531.05		-30,051,004	438,064,527

(Provide details on the nature and purpose of reserves)

11. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024 FY	2022-2023 FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1		
Transfers from the county government	2		
Interest received	4	7,638,235	3,360,887
Receipts from other operating activities	5	2,809,919	14,064
Total receipts		10,448,154	3,374,950
Payments			
Employees cost	6	1,067,920	4,861,930
Use of Goods and services	7	6,045,043	5,899,385
Professional services Accrued paid		617,063	
Finance cost	9		
Total Payments		7,730,026	10,761,315
Net cash flows from operating activities		2,718,128	-7,386,364
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments		52,013,664	25,956,966
Loan disbursements paid out		-88,877,210	-179,610,203
Car grant paid out			-1,400,000
Net cash flows used in investing activities		-36,863,546	-155,053,237
Cash flows from financing activities			
Proceeds from revolving fund receipts		28,000,000	191,515,531
Additional borrowings		22,185,800	2,500,000
Repayment of borrowings		-29,600,000	-13,185,800
Net cash flows used in financing activities		20,585,800	180,829,731
Net increase/(decrease) in cash & cash Equivalents		-13,559,617	18,390,130
Cash and cash equivalents at 1st July 2023	12	19,651,810	1,261,680
Cash and cash equivalents at 30 June 2024	12	6,092,193	19,651,810

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

**Makueni County State and Public Officers Car loan and Mortgage Fund
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12. Statement Of Comparison of Budget and Actual Amounts for The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations						
Transfers From County Govt.						
Interest Income	10,409,799		10,409,799	7,638,235	2,771,564	73%
Other Income	2,809,919		2,809,919	2,809,919	-	100%
Total Income	13,219,718		13,219,718	10,448,154	2,771,564	
Expenses						
Employee Costs	1,067,920		1,067,920	1,067,920		100%
Use of goods and services	6,045,043		6,045,043	6,045,043		100%
Depreciation and Amortization Expense						
Finance Cost						
Total Expenditure	7,112,963		7,112,963	7,112,963		
Surplus For the Period	6,106,755		6,106,755	6,106,755	2,771,563.80	
Capital expenditure						

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

13. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Makueni county Assembly entity is established by and derives its authority and accountability from car and mortgage 2017 Act. The entity is wholly owned by the Makueni County Government and is domiciled in Kenya. The entity's principal activity is to disburse and regulate car and mortgage loans.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact
	<p>cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective date and impact
	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 24th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2023-2024 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Donation From Development Partners		
Contributions From The Public		
Total		

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Transfers From County Govt. –Operations		
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
Total		

3. Fines, penalties and other levies

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Late Payment Penalties		
Fines		
Total		

4. Interest income

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Interest Income from Mortgage and Car Loans	7,638,235	3,360,887
Interest Income from Mortgage and Car Loans Accrued (defaulted)	2,771,564	2,127,655
Interest Income from Investments in financial assets		
Interest Income on Bank Deposits		
Total Interest Income	10,409,799	5,488,541

(Provide brief explanation for this revenue)

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes to the Financial Statements Continued

5. Other income

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Credit life refund	2,383,756	
Income from Sale of Tender Documents		
Interest income from Bank Deposits	426,163	14,064
Total Other Income	2,809,919	14,064

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training and Allowances Expenses	1,067,920	4,861,930
Professional Services Costs		
Other (<i>Specify</i>)		
Total	1,067,920	4,861,930

7. Use of Goods and Services

Description	2023-2024 FY	2022-2023 FY
	Kshs.	Kshs.
General Office Expenses		
Loan Processing Costs		
Professional Services Costs-Family bank	4,850,839	1,724,128
Committee Allowances		
Bank Charges		
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs	1,123,655	4,169,647
Postage And Courier		
Printing And Stationery		
Rental Costs		

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Description	2023-2024 FY	2022-2023 FY
	Kshs.	Kshs.
Security Costs		
Telephone And Communication Expenses		
Bank Charges	6,625	5610
Audit Fees		
Provision For Doubtful Debts		
Other expenses- WHT (Account Interest Earned)	63,924	
Social benefit expenses*		
Expense paid-Cashflow figure	6,045,043	5,899,385
Accrued Expense – Payable to Family Bank		727,643
Total-Statement of Financial performance figure	6,045,043	6,627,028

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	2023-2024 FY	2022-2023 FY
	Kshs.	Kshs.
Property Plant and Equipment		
Intangible Assets		
Total		

9. Finance costs

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
Total		

10. Gain/(loss) on disposal of assets

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
Total		

**Makueni County State and Public Officers Car loan and Mortgage Fund
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11. Gain/ (loss) on Fair Value Investments

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
Total Gain		

12. Cash and cash equivalents

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Makueni County Assembly Car and mortgage Loan Account	6,092,193	19,651,810
Fixed Deposits Account		
On – Call Deposits		
Current Account		
Others (<i>Specify</i>)		
Total Cash And Cash Equivalents	6,092,193	19,651,810

Notes to the Financial Statements Continued

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2023-2024 FY	2022-2023 FY
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank			
Equity Bank, Etc.			
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank - Etc.			
Sub- Total			
c) Current Account			
Rafiki Microfinance Bank		83,804	85,365
Family Bank		6,008,389	19,566,445
Sub- Total		6,092,193	19,651,810

**Makueni County State and Public Officers Car loan and Mortgage Fund
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d) Others (Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		6,092,193	19,651,810

13. Receivables from exchange transactions

Description	2023-2024 FY	2022-203 FY
	Kshs	Kshs
Current Receivables		
Interest receivable-1st assembly defaulted interest	10,963,926	8,567,074
Current Loan Repayments Due	55,120,676	55,120,676
Insurance cost receivable from members	1,123,655	3,699,647
Less: Impairment Allowance		
Total Current Receivables	67,208,256	67,387,397
Non-Current Receivables		
Long Term Loan Repayments Due	363,640,423	317,646,208
Total Non- Current Receivables	363,640,423	317,646,208
Total Receivables from Exchange Transactions		

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Interest Receivable		
Accrued interest receivable from of long-term loans of previous years-Defaulted from first Assembly	10,963,926	
Current loan repayments due		
Accrued principal from long-terms loans from previous periods-Defaulted from first Assembly	70,931,396	

**Makueni County State and Public Officers Car loan and Mortgage Fund
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14. Prepayments

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance	1,123,655	
Prepaid Electricity Costs		
Other Prepayments (<i>Specify</i>)		
Total		

15. Inventories

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Consumable Stores		
Spare Parts and Meters		
Catering		
Other Inventories (<i>Specify</i>)		
Total Inventories at The Lower of Cost and Net Realizable Value		

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity -		
Sub- total		
Grand total		

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through

**Makueni County State and Public Officers Car loan and Mortgage Fund
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surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
At the end of the year		

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Kshs	Kshs
Entity A						
Entity B						
Entity C						

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (Previous FY)					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June (Current FY)					
Depreciation And Impairment					
At 1st July (Previous FY)					
Depreciation					
Impairment					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June (Current FY)					
Net Book Values					
At 30th June (Previous FY)					
At 30th June (Current FY)					

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To the Financial Statements (Continued)

18. Intangible assets

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

19. Investment Property

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
At end of the year		

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024 FY		2022-2023 FY	
	Kshs		Kshs	
Trade Payables				
Refundable Deposits				
Accrued interest payable to Family Bank			727,643	
Other Payables				
Total Trade and Other Payables			727,643	
Ageing analysis (Trade and other payables)	2023-2024 FY	% of the Total	2022-2023 FY	% of the Total
Under one year		%	727,643	%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total (tie to above total)			727,643	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f				
Additional provisions				
Provision utilised				
Change due to discount and time value for money				
Total provisions year end				
Current Provisions				
Non-Current Provisions				

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To the Financial Statements (Continued)

22. Borrowings

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Balance At Beginning of The Period		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments of External Borrowings During the Period		
Repayments of Domestic Borrowings During the Period		
Balance At End of The Period		

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'		
Sterling Pound Denominated Loan From 'Y Organization'		
Euro Denominated Loan from Z Organization'		
Domestic Borrowings		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
Total Balance at End of The Year		

The table below shows the classification of borrowings long-term and current borrowings:

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
Total		

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To the Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024 FY	2022-2023 FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
Total					

24. Social Benefit Liabilities

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income	10,448,154	
Expenses	-7,730,025	
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow From Operating Activities	2,718,128	

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Transfers From Related Parties'		
Transfers To Related Parties		

c) Key management remuneration

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Board Of Trustees		
Key Management Compensation		
Total		

d) Due from related parties

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
Total		

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Other Disclosures Continued

e) Due to related parties

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Due To Key Management Personnel		
JADES KALUNDA MUEMA	3,559,664.77	4,362,659.70
KYALO MUMO		4,365,039.15
KISUNGI WA KATETE	3,651,381.81	
BENEDICT KENNEDY MANENO	3,651,381.31	4,365,039.15
JACKLINE MUTHINI KAMULA	1,676,482.99	2,051,495.40
Due To County Government		
Due To Key Management Personnel		
Total		15,144,233.40

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Court Case Against the Fund		
Bank Guarantees		
Total		

(Give details)

Notes To The Financial Statements (Continued)

28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2023				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Notes To The Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June (Comparative FY)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

Notes To The Financial Statements (Continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (Current FY)			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
Liabilities			
Trade And Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%		
USD	10%		
(Comparative FY)			
Euro	10%		
USD	10%		

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

**Makueni County State and Public Officers Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

29. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Makueni County Government car and mortgage Act 2017 (*state the legislation establishing the Fund*) under the County Government of Makueni. Its ultimate parent is the County Government of Makueni.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs).

**Makueni County State and Public Officers Car loan and Mortgage Fund
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14. Annexes

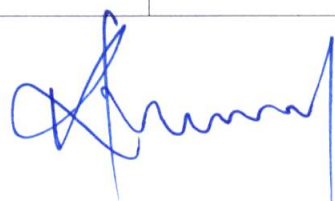
Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Non-Performing Loans	The Loans Management Committee is in the process of taking action on the 1st Assembly defaulters and recovering the defaulted amounts. This will be through initiating Auction process to recover the principal plus interests from all the defaulters.	Not Resolved	30 th June 2025
	Unconfirmed Expenditure on Use of Goods and Services- Kshs.727,643	This was amount which was not paid as interest charges to family bank as at the end of the Financial Year 2022/2023 which was recognized as an expense in accrual basis reporting. Under note 7 this was recorded as an expense accrued and recognized in our financial performance report but not recognized in our cashflow since the expense wasn't a cash transaction.	Resolved	
	Budgetary control and performance- Underfunding of kshs	During the year under review had a budget of Kshs 229,143,209 and utilized Kshs 194,890,482in	Resolved	

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	34,252,728 or 15% of the approved budget.	disbursements of loans to Hon members and staff resulting to a budget utilization of 86% the fund had no pending application not processed nor paid as at the end of the year thus all applications were fully processed and paid thus no denying applicants funds for mortgage and car loans		
	Imminent depletion of the fund- a deficit of kshs 5,986,352 increasing the funds accumulated deficit from kshs 30,171,406 in the previous year to kshs 36,157,759	The Loans Management Committee is working on minimizing the operation expenses hence increased surplus to the fund.	Resolved	



Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....23/12/2024.....

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Annex II: Inter-Fund Confirmation Letter

The Makueni County State and Public Officers Car and Mortgage Fund wishes to confirm the amounts disbursed to the fund as at 30th June 2024 is indicated in the table below.

Confirmation of amounts received by Makueni County State and Public Officers Car and Mortgage Fund as at 30 th June 2024.							
Reference Number	Date Disbursed	Amounts Disbursed (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
RT23193331MT	12-Jul-23	28,000,000.00			28,000,000.00	28,000,000.00	-
							-
							-
							-
							-
Total		28,000,000.00			28,000,000.00	28,000,000.00	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name FRANCIS NZIROKA Sign [Signature] Date 23.12.2024

**Makueni County State and Public Officers Car loan and Mortgage Fund
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments