

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**SAMBURU COUNTY EXECUTIVE STAFF
MORTGAGE (MEMBERS) SCHEME FUND**

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



PAPERS LAID	
DATE	03/2025
TABLED BY	Dep. Maj. Whip
COMMITTEE	
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SAMBURU COUNTY EXECUTIVE STAFF MORTGAGE (MEMBERS) SCHEME FUND

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

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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

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1. Acronyms and Definition of Key Terms

A. Acronyms

ACTED	Agency for Technical Cooperation and Development
ASAL	Arid and Semi-Arid Lands
BOM	Board of Management
CBK	Central Bank of Kenya
CCCAP	County Climate Change Action Plan
CEO	Chief Executive Officer
CFA	Community Forest Association
DG	Director General
DRM	Disaster Risk Management
ECL	Expected Credit Loss
EMCA	Environmental Management and Coordination Act
FAO	Food and Agriculture Organization
FCDC	Frontier Counties Development Council
FLOCCA	Financing Locally-Led Climate Action Program
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMPACT	Indigenous Movement for Peace Advancement & Conflict Transformation
IPSAS	International Public Sector Accounting Standards
IPSAS	International Public Sector Accounting Standards
KFS	Kenya Forest Service
KSH	Kenya Shillings
MD	Managing Director
NDMA	National Drought Management Authority
NEMA	National Environmental Management Authority
NRM	National Resource Management
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

OSHA	Occupational Safety and Health Act of 2007
PCRA	Participatory Climate Risk Assessment
PFM	Public Finance Management
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SDG	Sustainable Development Goals
SNV	Netherlands Development Organization
SRC	Salaries and Remuneration Commission
UNICEF	United Nations Children's Fund
USAID	US Agency for International Development
WARUA	Water Resource User Association
WUA	Water Users Association

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Fund information and management

a) Background information

Samburu County Executive Staff Mortgage Scheme Fund was established by and derives its authority and accountability from Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of Samburu and is domiciled in Kenya.

The Fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

b) Principal Activities

Reference to Section 4 of Samburu County Executive Staff Mortgage Scheme Fund regulations, 2016, the object and purpose of the Fund shall be to provide a loan scheme for purchase, development, renovation or repair of residential property by members of the scheme. The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The fund administrator is responsible for the day-to-day operations.

c) Board of Trustees/Fund Administration Committee

SN	Position	Name
1	Mr. Mike Lekadaa	Chair Person
2	Mr. Samwel Saraphino	Vice Chair Person
3	Mr. Solomon Letirok	Secretary
4	Mr. Charles Lerantilei	Member
5	Dr. Fred Ndeki Lekiluai	Member
6	Mr. Tyson Lemako	Member
7	Mrs. Rosemary Tenty	Member

Key Fund and Information Management (Continued)

d) Key Management

SN	Position	Name
1	Mr. Mike Lekadaa	Chair Person
2	Mr. Samwel Saraphino	Vice Chair Person
3	CPA Solomon Letirok	Secretary

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Mr. Mike Lekadaa	Chair Person
2	Mr. Samwel Saraphino	Vice Chair Person
3	CPA Solomon Letirok	Secretary

f) Registered Offices

P.O. Box 3 – 20600
Samburu County Headquarters
Maralal-Nyahururu Road
Maralal, KENYA

g) Fund Contacts

Telephone: +254 065 62456, +254 65 62075
E-mail: info@samburu.go.ke
Website: www.samburu.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. BOX 260
Maralal, Kenya
Branch: Maralal
Account No. 1169663966

Key Fund and Information Management (Continued)

i) Independent Auditor



Auditor-General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j) Principal Legal Adviser

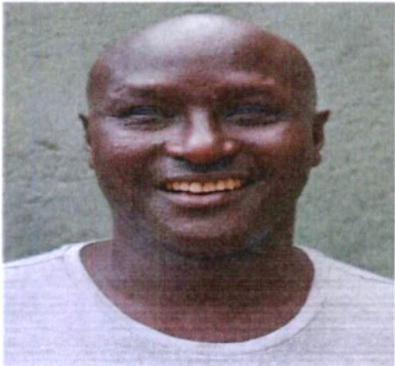


The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Mr. Mike Lekadaa</p> 	<p>Mike Lekadaa is a highly motivated and dedicated professional with a strong educational background in criminology and forensic investigation. He holds a Bachelor of Arts (B.A.) in Criminology from Egerton University, where he developed a deep understanding of the social and psychological factors influencing criminal behaviour, as well as the broader criminal justice system.</p> <p>In addition, Mike has earned a Diploma in Forensic and Criminal Investigations from the same University. He brings vast experiences from both private and public sector. He is currently the chief officer for Lands and Physical Planning at Samburu County Government. He was appointed to the Committee on 16th March 2023.</p>
<p>2. Mr. Samwel Sarafino</p> 	<p>Mr. Samuel Sarafino Lasanguruguri holds a Bachelor degree in education-special needs, a Diploma in special education and a continuing Masters student in Education Management and Planning. He has Served in the Ministry of Education as an Assistant director of education, managed education projects and programs, Trainer of trainers in community lead programs. Trainer of facilitators in partners lead programs. Children rights advocate and community mobilizer. Extensive experience in teaching career. He is currently the chief officer for public works.</p> <p>He was appointed to the Committee on 16th March 2023.</p>


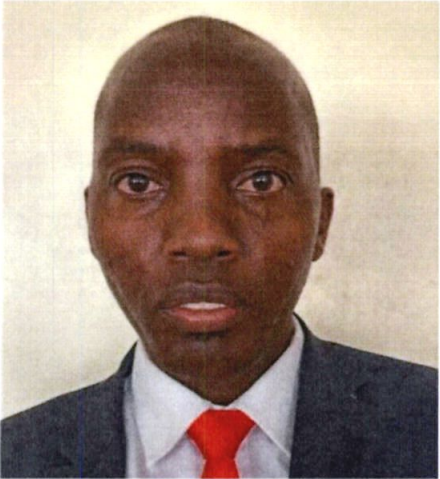
<p>3. Mr. Solomon Letirok</p> 	<p>Mr. Letirok Salaine Solomon has extensive experience in public finance with emphasis on Internal audit, Financial management, Performance audit and Risk management.</p> <p>He is a Certified Accountant, and a member of the institute of Certified Public Accountants of Kenya(ICPAK) and Institute of Internal Auditors Kenya. He holds a bachelor’s degree in Business Management (Accounting option).</p> <p>He has experience in the Kenyan public service at both the national government and county levels. Held supervisory/managerial positions while working at National Treasury in different capacities and within the County Government of Samburu and is presently Chief Officer Finance. He was appointed to the Committee on 16th March 2023.</p>
<p>4. Mr. Charles Lerantilei</p> 	<p>Charles Lerantilei is a dynamic professional with a solid educational foundation and extensive expertise in Community Development and Project Management. He holds a Bachelor of Science (BSc) in Community Development from Laikipia University, which has provided him with a comprehensive understanding of the socio-economic, cultural, and environmental factors that shape communities.</p> <p>He is also currently pursuing a master’s degree in Project Planning and Management from Mount Kenya University. He has been a project coordinator for various organization such as Child fund, AMREF and world vision. He is currently the Chief Officer for irrigation and fisheries at the Samburu County Government. He was appointed to the Committee on 16th March 2023.</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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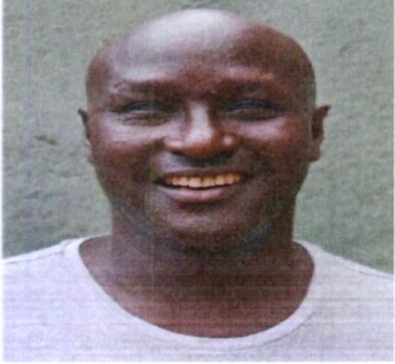


<p>5. Dr. Fredrick Ndeki Lekiluai</p> 	<p>Dr. Fredrick Ndeki Lekiluai is the current chief officer of health – Public Health and Sanitation in Samburu County Government.</p> <p>He is a health professional who has a rich experience in health administration & health care financing. He previously Served as the sub-county Medical Officer – Samburu East.</p> <p>He is a graduate of Bachelor of Medicine & Bachelor of Surgery, in addition he also holds a higher diploma in Lung & Skin diseases. He was appointed to the Committee on 16th March 2023.</p>
<p>6. Mr. Tyson Lemako</p> 	<p>Mr. Lemako Tyson is currently the Chief Officer in Department of Skills Development & Vocational Training. He holds BSc Degree in Agricultural Educational & Extension from Egerton University. Awaiting graduation for MSc in Agriculture and Rural Development. He brings a wealth of experience as a Former High Principal and Director of Agriculture. He has attended several Managerial Courses in Kenya School of Government SMC and SLDP. He was appointed to the Committee on 16th March 2023.</p>
<p>7. Mrs. Rosemary Tenty</p> 	<p>Mrs Rosemary Tenty holds a bachelor’s degree in Education from Kenyatta University. She has taught and headed several schools in Samburu and Kajiado counties. She has also worked in Samburu county as a CEC for two years. Currently, she is the Chief Officer for Gender, Social Services and Culture. She was appointed to the Committee on 16th March 2023.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Mr. Mike Lekadaa</p> 	<p>Mike Lekadaa is a highly motivated and dedicated professional with a strong educational background in criminology and forensic investigation. He holds a Bachelor of Arts (B.A.) in Criminology from Egerton University, where he developed a deep understanding of the social and psychological factors influencing criminal behaviour, as well as the broader criminal justice system.</p> <p>In addition, Mike has earned a Diploma in Forensic and Criminal Investigations from the same University. He brings vast experiences from both private and public sector. He is currently the chief officer for Lands and Physical Planning at Samburu County Government.</p> <p>He was appointed to the Committee on 16th March 2023.</p>
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<p>5. Dr. Fredrick Ndeki Lekiluai</p> 	<p>Dr. Fredrick Ndeki Lekiluai is the current chief officer of health – Public Health and Sanitation in Samburu County Government. He is a health professional who has a rich experience in health administration & health care financing. He previously Served as the sub-county Medical Officer – Samburu East. He is a graduate of Bachelor of Medicine & Bachelor of Surgery, in addition he also holds a higher diploma in Lung &Skin diseases. He was appointed to the Committee on 16th March 2023.</p>
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8. Chairman's Report

I would like to thank members of staff involved in the day to day operations of the Fund that include the payroll staff, Fund Accountant and the reporting unit of the County Treasury. I take special notice that financial reports for this fund have been continuously done on monthly basis in the last financial year, accurate financial standing from where future decisions will be based on.

New loans were issued to seven new members in the last Financial Year ended June 2024.

From these Financial Reports, we noted the following challenges;

- On overall, total accrued principal and interest to date amounts to KES 42,641,096 being an increase from the amount of KES 33,857,067 reported at the close of last Financial Year.
- 63% of Members that initially benefitted did not make any repayments for their loan in FY 2023/24.

The committee of the day is soon going to exit the Management of the Fund. The County Treasury Management will therefore facilitate the ushering in of the new team of the Fund's Management. I therefore take this opportunity to thank the members of staff who have been instrumental in the day to day running of the Fund and the County Treasury Management for giving us the opportunity to administrate the Fund. Finally, I would like to welcome the new team of the Fund's Management and I wish them the best in their future endeavors.

Name: Mike Lekadaa

Signature. .....Date.....

Chairperson of the Board/Fund

9. Report of the Fund Manager/ Administrator

On behalf of the Committee charged with administration of Samburu County Executive Staff Mortgage Scheme Fund, I would like to take this early opportunity to register my deep appreciation to all the stakeholders that have undertaken any function or task in the management of this Fund in the financial year ended June 2024.

The reporting team has been in a position to generate monthly financial reports that have kept management of the fund abreast with current financial information of the fund. Just like we had indicated last financial year, the committee still needs to intensify its meetings in order to address issues that come up on timely basis.

Key implementation challenges noted in the year include;

- Lower than expected threshold on repayments by beneficiaries in prior periods. While the committee put up some efforts in recovery process, not much was achieved so far since this is an on-going process.
- Some of our former staff members whose employment were terminated for one reason or the other have stopped making monthly repayments. The committee will keep pursuing the defaulters by serving them with demand letters before engaging other recovery measures.
- Use of manual excels in generation of reports – This has been possible due to the few number of beneficiaries but this may not be feasible in future. The Fund had initiated the process of procurement an accounting system for the fund and we are glad the system is currently in its testing stage.
- Funds borrowed to implement county activities amount to KSH 14,374,963 needs to be repaid back to the Fund account. The mentioned amount represents the sum total of withdrawals done from the fund's bank account during periods of extreme cash unavailability to facilitate urgent activities that were time bound eg. 2017 camel derby event. Nonetheless, Samburu County Executive has made arrangements to repay back the amounts to the Fund's bank account in FY 2024/25.

Having identified the mentioned gaps and with measures already put in place, the Fund is in a better place relative to prior periods.

In conclusion I would like to thank all the stakeholders who have contributed positively to the wellbeing of the fund and it is my hope that we will be able to continue to serve with the same spirit going into the future in order to ensure that the intent and objective of the scheme comes to fruition.

Signed:  _____

Solomon Letirok

10. Statement of Performance Against Predetermined Objectives

Right from its commencement, the objective of Samburu County Executive Staff Mortgage Scheme Fund has always been that the Fund shall provide loan schemes for the purchase, development, renovation or repair of residential property by members of the Scheme.

Up until June 2024, the Fund had disbursed a total of KSH 354,100,000 to sixty members. One of the pre-requisites for members to qualify for loans has been submission of residential building plans on bona-fide land ownership.

On repayments schedule, a total of KSH 133,980,081 had been repaid as of June 2024. However, this was noted as an under repayment of KSH 42,641,096 majorly due to prior years under recovery on all beneficiaries at the payroll level. Consequently, a few of former employees stopped making their repayments shortly after they left employment. Lastly, three of the most recent beneficiaries had not assumed repayments by the close of the Financial Year. The Management Committee of the fund will deliberate on this and issue out its recommendations.

11. Corporate Governance Statement

Samburu County Executive Staff Mortgage (Members) Scheme Fund was established and published on 5th March 2016, in exercise of the powers conferred by Section 116 of the PFM Act, 2012 and pursuant to Samburu County Executive Staff Mortgage Scheme Fund regulations, 2016. According to Section 4 of Samburu County Executive Staff Mortgage Scheme Fund regulations, 2016, the object and purpose of the Fund shall be to provide a loan scheme for purchase, development, renovation or repair of residential property by members of the scheme. Pursuant to section 5(3) of the same regulations, the Fund shall be administered as a special Fund and shall be operated by the officer administering the Fund (Chief Officer Finance).

a. Process of appointment and removal of Trustees/ Administration Committee members

Reference to Section 6 (1) and (2) of Samburu County Executive Staff Mortgage Scheme Fund regulations, 2016;

- Establishment of Members Mortgage Loans Management Committee;

- The Chairperson of the Committee – Chief Officer in charge of lands, physical planning
 - Vice Chairperson – Chief Officer in charge of Public Works and County Roads
 - Secretary to the Committee – Chief Officer in Charge of Finance and Economic Planning
 - Member – Chief Officer in charge of Agriculture
 - Member – Chief Officer in charge of Health Services
 - Member – Chief Officer in charge of Education
 - Member – Chief Officer in charge of Social Services, Culture and Gender. Refer Section 6(1).
- The Officer administering the fund (Chief Officer Finance) shall be an ex-officio member of the committee.

b. Roles and functions of the Administration Committee members

Roles and functions of the Administration Committee Members include;

- Process loans applications in accordance with existing terms and conditions
- Liaise with housing company (if any) to set up a revolving fund
- Supervise day to day running of the fund

- Open an account in a recognized commercial bank to run the affairs of the fund Refer Section 6(3).
- May if it considers appropriate appoint a mortgage institution. Refer Section 7.
- At its discretion, the committee may grant loans if applicant is in possession of a title deed or any other ownership document authenticated by the CEC Lands and physical planning. Refer Section 8(3).
- If the above doesn't apply, the Committee may issue 1st instalment of the loan for the purchase of land (this should not be more than 40% of the total eligible loan to a borrower. Issue subsequent loans for development. Refer Section 8(4)
- Appointment of a suitable advocate who shall be tasked with conducting all legal transactions. Refer Section 10(4).
- May have a charge registered on property financed through a loan – shall be entitled to have its name entered in all documents of title to such property. Refer Section 15(1).
- Ensure that properties purchased through the fund shall be constructed of such material as may be acceptable to the committee. Refer Section 15(3).
- Appoint a suitable insurance firm where borrowers are expected to take mortgage protection policy and fire policy on loans advanced. Refer Section 16(1).
- Call in a loan and in default sell charged property by public auction or private treaty. Refer Section 17.

c. Number of Fund Administration Committee meetings held and the attendance to those meetings by members

Meetings shall be convened by the Chairperson or in his absence the Vice Chairperson at such times as may be necessary to discharge committees' duties. Refer Section 6(5). The quorum for a meeting shall be Chairman and any three members. Refer Section 6(6).

d. Succession plan

In accordance to Section 6(1), Members of the Committee of the Fund are determined by the substantive appointment of Chief Officers to the Departments mentioned in the Act. Therefore, succession plan is pegged to the Governor's action of appointing Chief Officers as deemed necessary.

e. Existence of a service charter

A service charter refers to a formal agreement between a service provider and its clients, defining service terms and expectations.

- A member who may wish to apply for a loan should make such application to the Fund Administrator in such a manner as prescribed by the Committee. Refer Section 8(1).

- A loan obtained under these regulations shall be utilized for purposes of purchase, development, renovation or repairs of residential property for the occupation of the applicant or immediate family members Refer Section 8(2).
- Application for loans should be accompanied by;
 - Copies of designs of the proposed residential property
 - Bqs of the proposed construction
 - An Official search of the title to the property
 - A certified copy of the sale agreement. Refer to Section 10(1).
- All legal transactions shall be conducted by an advocate appointed by the Committee. Refer Section 10(4).
- Where property intended for purchase is a lease hold – Expiry of such lease should be at least 45Yrs beyond the final loan repayment date. Refer Section 11.
- A loan granted under these regulations shall be fully repaid at the end of maximum period a member is eligible for. Refer Section 13.
- Interest chargeable on loan shall be at 3% p.a. on reducing balance. Rate may be reviewed from time to time by the SRC. Refer Section 14(1).
- In case of appointment of mortgage institution, interest rate chargeable shall not be more than 1% p.m. on reducing balance. Rates may be reviewed from time to time by the SRC. Refer Section 14(2).
- The Committee may seek a charge registered on property financed through loan. Names of the institution should be entered in all documents of title for such property. Refer Section 15(1).
- **Responsibilities of the borrower;**
 - Not mortgage, charge, surrender, sell or agree to sell part of the charged property without a written consent of the committee.
 - Meet and pay all rates, rents, insurances etc in respect of the property and send proof of payment to the Committee.
 - Provide a transfer deed duly signed by the borrower and a letter authorizing the Committee to sell the property in the case of default in payment. Refer Section 15(2). **During loan repayment period, every borrower should;**
 - Ensure property is used for residential purposes only.
 - Maintain property in satisfactory state
 - Not alter, or make any structural alterations to the property, carry out valuation, investigation on property or its title as may be without approval of the committee. Refer Section 15(4).
 - Borrower should take out and maintain a mortgage protection policy and a fire policy with an insurance firm appointed by the committee. Refer Section 16(1).
- No borrower shall be eligible to more than one loan at a time or more than a total of two loans from the Fund. Refer Section 15(5).

f. Board/Fund Committee remuneration

Board/ Fund Committee are entitled to sitting allowances upon attendance of Committee meetings as and when called upon by the Committee's Chairperson.

g. Compliance with existing laws and regulations

Where a staff leaves public employment for whatever reason other than disciplinary grounds, the terms of the loans remain the same and does not change for the life of the loan unless in cases of default in which case it reverts to commercial terms.

h. Ethics and conduct as well as governance audit undertaken.

This falls under the roles of Fund Administrator as follows;

Roles of Officer Administering the Fund (Chief Officer Finance);

- Supervise and control the administration of the fund
- Utilize interest accruing to meet administration costs
- Cause to be kept books of accounts
- Ensure Annual Financial Statements are generated
- Furnish additional information as may be required for purposes of audits
- Designate or appoint such staff as may be necessary to assist in the day to day administration of the fund. Refer Section 18.
- Receive loan applications by members in a manner prescribed by the committee Refer Section 8(1).
- Supervision of all legal documents and disbursements. Refer Section 15(6).
- Keeping safe custody of all original documentation. Refer Section 16(2).

12. Management Discussion and Analysis

According to management, the Fund has performed fairly well given the conditions that pre-existed in the year.

A lot have been identified as challenges and the committee now that it has the mandate to operate will endeavour to bridge the gaps identified in order to improve the standing of fund going into the future.

The committee does not have intentions to conduct investments or implement projects at this point in time. The committee will continue to neutralize the challenges identified in order to optimize its operational capacity and ensure that members' confidence is built in the scheme.

The fund is governed by Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016 and will endeavour to comply with the Act and other statutory requirements in execution of its mandates.

The major risk that the Fund faces is risk of defaults as a result of members who may no longer be in employment. Though these are covered by the collaterals provided at the point of loan application.

13. Environmental And Sustainability Reporting

Samburu County Water and Environment sector comprises Water and Sanitation; Environment; Natural Resources and Energy. The sector is one of the key enablers towards the achievement of Sustainable Development Goals (SDGs), specifically Goal 6: Ensure availability and sustainable management of water and sanitation for all; Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all; Goal 13: Take urgent action to combat climate change and its impacts; and Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. It is also an enabler in several other SDGs, Vision 2030 and Agenda 4 items.

The economy of Samburu County is highly dependent on livestock, agro-pastoralism and tourism which is vulnerable to climate risks and shocks. The increasing frequency of extreme weather events e.g. floods and droughts, poses challenge to sustainable socio-economic development. To safeguard these development gains, the sector, in consultation with various stakeholders, has put in place several adaptive mechanisms to mitigate negative impacts of the climate change to achieve sustainable development. Samburu has demonstrated its commitment to climate action by enacting legislations that are aligned to the national and international frameworks to ensure sustainable development.

The Environmental Management and Coordination Act (EMCA) of 1999 (amended in 2015 to align with the Kenya constitution, 2010) creates the County Environment Committee comprising, inter alia, representatives of pastoralists within Samburu County. Further, the National Environment Policy (2013) aims to a better quality of life for present and future generations (of all Kenyans) through sustainable management and use of the country's environment and natural resources. Its provisions most relevant to ASALs and rangelands are found in several sections such as provisions for forest ecosystems, provision for ASALs, provision for land resource, provision for biodiversity and wildlife resources, and provision for livestock resources.

The County government has made efforts to formulate environmental policies and acts such as; Samburu County Climate Change Policy, 2022; Sustainable Forest management and Tree Growing Policy, 2022; Rangelands management and grazing Policy, 2022 as well as the Climate Change Act, 2022. Samburu Climate Change Policy, in its policy objective number two highlights the Strengthening of community resilience to enhance their adaptive capacities to climate change and livelihood diversification and further in objective six policy statement speaks of reducing vulnerability of women to climate change impacts thus providing for policy framework to assessment of climate Risks and women participation in climate change interventions. The Samburu County act of 2022 on the other hand has the objective of anchoring the process that ensures climate resilience is enhanced through development, management, implementation of climate actions. The Act also seeks to protect the climate system for the benefit of the present and future generations by supporting the national and international legislations and policies. With regards to waste management, the county is yet to formulate county specific policy, however, the National Environment policy of 2003 and the National Sustainable Waste Management policy of 2021 and Environmental Management and Coordination Act of 1999 (Revised in 2015) are sufficient in guiding how waste management is managed and handled at the county.

The sector has also conducted countywide Participatory Climate Risk Assessment (PCRA) whose outcomes and recommendations has informed the development of a five-year County Climate Change Action Plan (CCCAP) aimed at providing a clear and concise response priorities to climate

variability and change. With the climate change policy and the Action Plan in place, the sector is focused on implementing key interventions that can help to achieve the goal of low carbon climate resilient development pathway. These efforts will go a long way in addressing adverse effects of climate change cutting across key sectors that are important to the economy and society: Environment, Water and Forestry; Agriculture, Livestock and bee keeping; Trade; Energy; Physical Infrastructure; Tourism; and Health.

These efforts have enabled the success of the sector in increasing county forest cover from 15.8% to 23.29% (KFS 2021) from tree planting initiatives and establishment of NRM institutions such as Community Forest Associations (CFAs), Water Resource User Associations (WRUAs), Water Users Associations (WUAs). These institutions are key in protection and management of fragile ecosystems within the county. The sector has also secured material recovery sites in Wamba, Suguta Marmar Archers Post and Maralal for proper solid waste management within major towns in the county. Plans are also underway in the fencing of Kisima and Baragoi sites. We have also rehabilitated 200 hectares of degraded areas under invasive species on pilot basis Meibae and West-Gate community conservancies and developed soil conservation structures (such as gabions and terraces) to control soil erosion

14. Report of The Trustees/ Fund Administration Committee

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

Principal activities

The principal activity of the Fund is issuance and management of mortgage loans to members of staff.

Performance

The results of the Fund for the year ended June 30, 2024 are set out on page 1.

Trustees

The Loans Management Committee who served during the year are shown on page vii.

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

15. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016 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 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 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 Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016. 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 Fund has assessed the Fund's ability to continue as a going concern. Nothing

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

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 30th Sept 2024 and signed on its behalf by:



.....

Name: Mike Lekadaa

Chairman of the Fund



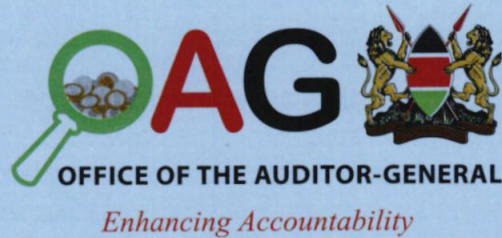
.....

Name: Solomon Letirok

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY EXECUTIVE STAFF MORTGAGE (MEMBERS) SCHEME 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 the 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 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.
- C. Report on the 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 Samburu County Executive Staff Mortgage (Members) Scheme Fund set out on pages 1 to 44, which comprise the

Report of the Auditor-General on Samburu County Executive Staff Mortgage (Members) Scheme Fund for the year ended 30 June, 2024

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 Samburu County Executive Staff Mortgage (Members) Scheme Fund as at 30 June, 2024 and 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 Samburu County Executive Staff Mortgage (Members) Scheme Fund Act, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Expenditure on Employee Costs

The statement of financial performance reflects expenditure on employee costs balance of Kshs.2,463,992 as disclosed in Note 9 to the financial statements. The employee costs relate to imprest issued to the members of the committee. However, Management did not provide imprest surrender documents to support the expenditure.

In the circumstances, the accuracy and completeness of employee costs balance of Kshs.2,463,992 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.34,996,093 as disclosed in Note 16 to the financial statements. However, the bank reconciliation statement included receipts in cash book not in the bank statement in respect of loan recoveries amounting to Kshs.4,344,069 that were more than one year old at the time of the audit and had not been included as reconciling items in Fund's bank reconciliation. In addition, the bank reconciliation statement as at 30 June, 2024 reflects payments in cash book not in the bank statement amounting to Kshs.595,326 and receipts in the bank statement not in cash book amounting to Kshs.314,207 that were more than one year old at the time of audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.34,996,093 could not be confirmed.

3. Unsupported Receivables from Exchange Transactions

Note 17 to the financial statements reflects receivables from exchange transactions of Kshs.238,687,835. However, Management did not provide an analysis detailing the movement of the receivables, including the opening balances, loans issued during the

year, repayments made, and reclassifications to current assets to support the reported loan balances.

In the circumstances, the accuracy of the reported loan balances could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Samburu County Executive Staff Mortgage (Members) Scheme 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 judgment, 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 other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, although Management indicated that the issues had been resolved, the matters remained unresolved as the oversight committees in the Senate and the County Assembly are yet to deliberate on the report for the prior year.

Other Information

The Management is responsible for the other information set out on page iv to xxv which comprise of Key Entity Information and Management, The Fund Administration Committee Profiles, Key Management Team, Chairman's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's 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 if there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else 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

1. Non-Performing Loans

The statement of financial position reflects current receivables from exchange transactions and non-current receivables from exchange transactions balances of Kshs.35,267,645 and Kshs.238,687,835 respectively as disclosed in Note 17 to the financial statements. Included in these balances is Kshs.10,336,334 in respect to outstanding loan repayments from beneficiaries who had defaulted on both the principal and interest payments for an extended period. Although the loans were long overdue, Management had not taken any action to recover the outstanding loans. This inaction contravenes Regulation 17 of the Public Finance Management Act (Samburu County Executive Staff Mortgage Scheme Fund), Regulations, 2016 which states that the committee may call in a loan and in default sell the charged property by public auction or private treaty where the borrower is in breach of the terms under the loan agreement or the covenant contained in the charge of the mortgage instrument.

In the circumstances, Management was in breach of the law.

2. Unapproved Budget

The statement of comparison of budget and actual amounts reflects final revenue and expenditure budget of Kshs.47,917,560 and Kshs.44,667,425 respectively. However, the Fund's budget was not approved contrary to Section 149(2) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and submit the estimates of an entity which is not a county corporation to County Executive Committee Member for Finance for approval by the County Executive Committee and subsequently by the County Assembly.

In the absence of an approved budget, it was not possible to confirm whether the expenditures were legitimate and aligned with the Fund's objectives.

3. Disbursement of Unsecured and Uninsured Loans

The statement of financial position reflects current receivables from exchange transactions and non-current receivables from exchange transactions balances of Kshs.35,267,645 and Kshs.238,687,835 respectively as disclosed in Note 17 to the financial statements. Included in these balances is Kshs.42,200,000 in respect of loans

disbursed to members of staff of the County Executive that were granted during the year under review without any collateral.

In addition, the loans and mortgages granted to members did not have a mortgage protection and fire policy with an approved insurance firm contrary to Regulation 16(1) of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme Fund) Regulations, 2016 which requires that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the committee, the cost of which shall be borne by the borrower.

In the circumstances, Management was in breach of the law.

4. Unauthorized Borrowing by the County Executive

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.14,374,963 as disclosed in Note18 to the financial statements being outstanding loan balances from the Samburu County Executive. As previously reported, the receivables balance is in respect of cash withdrawals made from the Fund bank account whose supporting documentation were not provided for audit review. In addition, the cash withdrawals were not approved by the County Assembly contrary to Section 142 of the Public Finance Management Act, 2012 which requires that County Government entities seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only and ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

In the circumstances, Management was in breach of the law.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy

During the year under review, the Management did not provide evidence of the existence of a Risk Management Policy to guide its management on risk assessment and

formulation of risk mitigation strategies. This is contrary to the Regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 that requires accounting officer to develop risk management strategies, which include fraud prevention mechanisms, and internal controls that builds robust business operation.

In the absence of a Risk Management Policy, it was not possible to confirm whether the internal controls built within the financial and operational system were functional as intended during the year under review.

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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Fund or 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, the 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.

The Fund Administration Committee is 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

23 December, 2024

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

17. Statement of Financial Performance for the year ended 30th June 2024.

	Note	FY 2023/24	FY 2022/23
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Parent Ministry/ SC/SAGA	6	0	0
		0	0
Revenue from exchange transactions			
Interest income	7	6,956,049	6,758,202
Other income	8	0	0
		6,956,049	6,758,202
Total revenue		6,956,049	6,758,202
Expenses			
Employee costs	9	2,463,992	1,162,800
Use of goods and services (Bank Charges)	10	3,433	1,317
Depreciation and amortization expense	11	0	0
Finance costs	12	0	0
Total expenses		(2,467,425)	(1,164,117)
Other gains/losses			
Gain/loss on disposal of assets	13	0	0
Gain /Loss on fair value of investments	14	0	0
Surplus/(deficit) before tax		4,488,624	5,594,085
Taxation	15	(0)	(0)
Surplus/ (Deficit) after Tax		4,488,624	5,594,085

(The notes set out on pages 0 to 0 form an integral part of these Financial Statements).

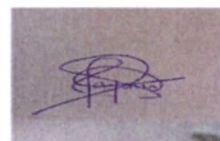
The financial statements were approved on 30th Sept 2024 by:



Name: Mike Lekadaa
Chairperson of the
Board/Fund



Name: Solomon Letirok
Fund Administrator



Name: Joseph Lekalkuli
Fund Accountant

ICPAK M/No: 6711

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

18. Statement of Financial Position as at 30th June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	34,996,093	31,745,958
Receivables from exchange transactions	17	35,267,645	26,402,748
Receivables from non-exchange transactions	18	14,374,963	14,750,848
Prepayments	19	0	0
Inventory	20	0	0
Investments in Financial Assets	21	0	0
Prior Year Adjustment	28	(319,549)	
Total Current Assets		84,319,152	72,899,554
Non-current assets			
Receivables from exchange transactions	17	238,687,835	221,938,357
Property, plant, and equipment	22	0	0
Intangible assets	23	0	0
Investment Property	24	0	0
Total Non-Current Assets		238,687,835	221,938,357
Total assets (A)		323,006,987	294,837,911
Liabilities			
Trade and other payables	25	1,734,480	1,734,480
Borrowings	26	0	0
Prior Year Adjustment	28		319,549
Total Current Liabilities		1,734,480	2,054,029
Non- current liabilities			
Borrowings	26	0	0
Total non- current liabilities		0	0
Total liabilities (B)		1,734,480	2,054,029
Net Assets (A-B)		321,272,507	292,783,882

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended 30th June 2024**

	Note	FY 2023/24	FY 2022/23
		Kshs.	Kshs.
Represented By:			
Car loan revolving fund		0	0
Mortgage revolving fund		271,992,000	247,992,000
Accumulated surplus/Deficit		49,280,506	44,791,882
Net Assets		321,272,506	292,783,882

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Fund financial statements were approved on 30th Sept 2024 and signed by:



Name: Mike Lekadaa
**Chairperson of the
Board/Fund**



Name: Solomon Letirok
Fund Administrator



Name: Joseph Lekalkuli
Fund Accountant

ICPAK M/No. 6711

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

	Mortgage Fund	Accumulated surplus	Prior Year Adjustment	Receipts from other operating activities	Total
	Kshs.	Kshs.		Kshs.	Kshs.
As at 1 July 2022	247,992,000	39,197,797			287,189,797
Surplus/(Deficit) For the Period		5,594,085			5,594,085
Funds Received During the Year					-
Prior Year Adjustment			319,549		319,549
Reversal of Insurance cheques				1,734,480	1,734,480
As at 30 June 2023	247,992,000	44,791,882	319,549	1,734,480	294,837,911
Balance as at 1 July 2023	247,992,000	44,791,882	319,549	1,734,480	294,837,911
Surplus/(Deficit) For the Period		4,488,624			4,488,624
Funds Received During the Year	24,000,000				24,000,000
Prior Year Adjustment			-319,549		-319,549
Reversal of Insurance cheques					-
As at 30 June 2024	271,992,000	49,280,506	0	1,734,480	323,006,986

(Provide details on the nature and purpose of reserves. Include a column for any other fund that the entity may be managing.)

**Where the Fund provides for interest to be revolved into the fund, such interest should not be recognized in the statement of financial performance.*

20. Statement of Cash Flows for the year ended 30th June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from County Executive		24,000,000	-
Interest received		6,956,049	6,758,202
Other income		175,885	3,283,633
Total receipts		31,131,934	10,041,835
Payments			
Employee costs		2,463,992	1,162,800
Use of goods and services		3,433	1,317
Finance cost		-	-
Total payments		2,467,425	1,164,117
Net cash flow from operating activities	27	28,664,509	8,877,718
Cash flows from investing activities			
Purchase of PPE and intangible assets		(0)	(0)
Proceeds from sale of PPE		0	0
Proceeds from loan principal repayments		16,785,626	13,039,575
Loan disbursements paid out		(42,200,000)	
Net cash flows used in investing activities		(25,414,374)	13,039,575
Cash flows from financing activities			
Receipts into the mortgage revolving fund		0	0
Receipts into the car loan revolving fund		0	0
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash and cash equivalents		3,250,135	21,917,293
Cash and cash equivalents at 1 July	16	31,745,958	9,828,665
Cash and cash equivalents at 30 June	16	34,996,093	31,745,958

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

21. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from County Executive	24,000,000	-	24,000,000	24,000,000	-	100%
Interest income	6,956,049	-	6,956,049	6,956,049	-	100%
Other income	16,961,511	-	16,961,511	16,961,511	-	100%
Total Revenue	47,917,560	-	47,917,560	47,917,560	-	100%
Expenses						
Employee cost	2,463,992	-	2,463,992	2,463,992	-	100%
Use of goods and services	3,433	-	3,433	3,433	-	100%
Finance cost	42,200,000	-	42,200,000	42,200,000	-	100%
Expenditure	44,667,425	-	44,667,425	44,667,425	-	100%
Surplus for the period	3,250,135	-	3,250,135	3,250,135	-	100%
Capital Expenditure	-	-	-	-	-	0%

(Budget notes

- Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
- Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
- 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).

22. Notes to the Financial Statements

1. General Information

Samburu County Executive Staff Mortgage (Members) Scheme Fund entity is established by and derives its authority and accountability from Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016 Act. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is provision of mortgage loan facilities to staff.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. Adoption Of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards effective in the FY.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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: 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i>

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	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></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 Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

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 for 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.

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b. Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 30th June 2023. 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 Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil amount in FY 2023/2024 budget following the governing body's approval. The Fund's budget is prepared on a different basis from 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. 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 as per the statement of financial performance has been presented under section 0 of these financial statements.

c. Property, plant, and equipment (PPE)

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 Fund 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 ~~xx~~-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

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.

I. 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 cash flows 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.

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 in *Note xx*.

II. Financial liabilities

Classification

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

g. Contingent liabilities

The Fund 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.

h. Contingent assets

The Fund 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 Fund 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.

i. Nature and purpose of reserves

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

j. Changes in accounting policies and estimates

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

k. 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.

l. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Fund Managers, and Fund Accountant.

m. 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 (*remove if not applicable*) and at various commercial banks at the end of the financial year.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Department of 0/ State Corporation. Its ultimate parent is the Government of Kenya.

q. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.)

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. *(see 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:

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

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Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Transfers from Government entities	0	0
Payments by Government entity on behalf of the Fund	0	0
Unconditional Development grants	0	0
Total	0	0

6(b) Transfers from the Parent Ministry/SC/SAGA

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount recognised in revolving fund.	<i>Total Insert Current FY</i>	<i>Insert comparative FY</i>
	Kshs	Kshs	Kshs	Kshs
Transfers from the Parent Ministry/SC/SAGA	0	0	0	0
Total	0	0	0	0

Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 above.

7. Interest income

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Interest Income from Mortgage Loans	6,956,049	6,758,202
Interest Income from Car Loans	0	0
Interest Income from Investments in financial assets	0	0
Interest Income on Bank Deposits	0	0
Other (<i>Specify</i>)	0	0
Total Interest Income	6,956,049	6,758,202

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8. Other income

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Insurance recoveries	0	0
Income from Sale of Tender documents	0	0
Bad debts recovered	0	0
Miscellaneous income (<i>Specify</i>)*	0	0
Total Other income	0	0

*Disclose any writebacks included as miscellaneous income

9. Employee Costs

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Salaries and Wages	0	0
Staff Gratuity	0	0
Staff Training expenses	0	0
Social Security Contribution	0	0
Other (<i>Specify</i>)	2,463,992	1,162,800
Total	2,463,992	1,162,800

10. Use of Goods and Services

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Loan processing costs	0	0
General office expenses	0	0
Professional services costs	0	0
Administration fees	0	0
Committee allowances	0	0
Printing and Stationery	0	0
Telephone a communication expense	0	0
Bank charges	3,433	1,317
Audit fees	0	0
Provision for Doubtful Debts	0	0
Other (<i>Specify</i>)	0	0
Total	3,433	1,317

11. Depreciation and Amortization Expense

Description	FY 2023/24	FY 2022/23
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	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible assets	0	0
Total	0	0

12. Finance costs

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Interest on Bank Overdrafts	0	0
Interest on Loans from Banks	0	0
Total	0	0

13. Gain/(loss) on disposal of assets

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Property, Plant, and Equipment	0	0
Intangible Assets	0	0
Total	0	0

14. Gain/ (loss) on Fair Value Investments

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

15. Taxation

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Income tax charge	0	0
Tax Charged on Interest Income	0	0
Income Tax expense	0	0

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16. Cash and cash equivalents

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Samburu County Mortgage Loan Account	34,996,093	31,745,958
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	0	0
Others (<i>Specify</i>)	0	0
Total Cash and Cash equivalents	34,996,093	31,745,958

16 a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	FY 2023/24	FY 2022/23
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
Commercial Bank Account		0	0
Fixed Deposit Accounts			
Xx Commercial Bank		0	0
Sub- Total		0	0
On- Call Deposits			
Bank 0		0	0
Sub- Total		0	0
Current Account			
Samburu County Mortgage Loan Account		34,996,093	31,745,958
Bank B		0	0
Sub- Total		34,996,093	31,745,958
Others (<i>Specify</i>)		0	0
Cash On Hand		0	0
Mobile Money		0	0
Sub- Total			
Grand Total		34,996,093	31,745,958

(Provide the average effective interest rate to the fixed deposit as at the time of investment in respect of the period).

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17. Receivables from exchange transactions

Description	FY 2023/24		FY 2022/23	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable	(421,130)		(98,128)	
Current Loan Repayments Due	26,483,617		19,702,512	
Other Exchange Debtors	9,205,159		6,798,364	
Less: Impairment Allowance				
Total Current Receivables	35,267,645		26,402,748	
Non-Current Receivables				
Long Term Loan Repayments Due	238,687,835		221,938,357	
Total Non- Current Receivables	238,687,835		221,938,357	
Total Receivables	273,955,480		248,341,105	
Ageing analysis (receivable from exchange transactions)	Current FY	% of total	Comparative FY	% of total
Less than 1 year	25,614,374	9%	(13,039,575)	-5%
Between 1-2 years	(13,039,575)	-5%	6,924,200	3%
Between 2-3 years	6,924,200	3%	15,325,916	6%
Over 3 years	254,456,481	93%	239,130,565	96%
Total (tie to totals above)	273,955,480	100%	248,341,106	100%

18. Receivables from Non-Exchange transactions

Description	FY 2023/24		FY 2022/23	
	Kshs.		Kshs.	
Samburu County Executive	14,374,963		14,750,848	
Transfer From 0 Fund	0		0	
Total Receivables	14,374,963		14,750,848	
Ageing analysis (receivable from non-exchange transactions)	Current FY	% of total	Comparative FY	% of total
Less than 1 year	0	%	0	%
Between 1-2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	14,374,963	100%	14,750,848	100%
Total (tie to totals above)	14,374,963	100%	14,750,848	100%

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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19. Prepayments

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Prepaid Rent	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

20. Inventory

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Consumables	0	0
Other (<i>specify</i>)	0	0
Total	0	0

21. Investments in financial assets

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity 0	0	0
Sub- total	0	0
Grand total	0	0

(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 surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

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d. Movement of Equity Investments

Impairment allowance/ provision	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

e) Shareholding in other entities

For investments in equity share listed under note 21 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		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

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22. Property, Plant, and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.	Kshs.
Cost								
At 1 July 20xx (Previous FY)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	-	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	0	0	(0)	0		(0)	0	(0)
At 30th June 20xx (Previous FY)	0	0	0	0	0	0	0	0
At 1st July 20xx (Current FY)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments		0		0		(0)	(0)	-
At 30th June 20xx (Current FY)	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 20xx (Previous FY)	-	0	0	0	0	(0)		0
Depreciation for the year	-	0	0	0	0	(0)		0
Disposals	-	(0)	(0)	(0)	(0)	(0)		(0)
Impairment	-	(0)	(0)	(0)	(0)	(0)		(0)
At 30th June 20xx (Previous FY)	-	0	0	0	0	(0)		0
At July 20xx (Current FY)	-	0	0	0	0	(0)		0
Depreciation	-	0	0	0	0	(0)		0
Disposals	-	(0)	(0)	(0)	(0)	0		(0)
Impairment	-	(0)	(0)	(0)	(0)	(0)		(0)
Transfer/adjustment	-	0	-	0	-	(0)	(0)	(0)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.	Kshs.
At 30 th June 20xx (Current FY)	0	0	0	0	0	0	0	0
Net book values								
At 30 th June 20xx (Previous FY)	0	0	0	0	0	0	0	0
At 30 th June 20xx (Current FY)	0	0	0	0	0	0	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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23. Intangible assets

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Cost		
At beginning of the year	0	0
Additions	0	0
Disposal	(0)	(0)
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
Net book value	0	0

24. Investment Property

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	(0)	(0)
Depreciation	(0)	(0)
Impairment	(0)	(0)
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

(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.

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25. Trade and other payables

Description	FY 2023/24		FY 2022/23	
	Kshs.		Kshs.	
Accrued Insurance Expenses	1,734,480		1,734,480	
Other payables	0		0	
Total trade and other payables	1,734,480		1,734,480	
Ageing analysis: (Trade and other payables)	Current FY	% of total	Comparative FY	% of total
Under one year			1,074,480	62%
1-2 years	1,074,480	62%	660,000	38%
2-3 years	660,000	38%	-	
Over 3 years			-	
Total	1,734,480	100%	1,734,480	100%

26. Borrowings

	FY 2023/24	FY 2022/23
Borrowings	Kshs	Kshs
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Loans from other government institutions	0	0
Other loans (specify)	0	0
Total Balance at End Of The Year	0	0

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Short Term Borrowings (Current Portion)	0		0	
Long Term Borrowings	0		0	
Total	0		0	

(NB: the total of this statement should tie to note 26 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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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27. Net cash flows from operating activities

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	4,488,624	5,594,085
Adjusted for:		
Other Income	175,885	3,283,633
Amortisation	0	0
Capital Fund Received from County Gvt	24,000,000	-
Interest income	(0)	(0)
Finance cost	0	0
Working capital adjustments		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in payables	0	0
Net cash flow from operating activities	28,664,509	8,877,718

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

28. Prior Year Adjustment

A prior period adjustment applies to the correction of an error in the financial statements of a prior period.

	Initial Workings	Corrected Workings	Difference
	FY2021/2022	FY2021/2022	FY2021/2022
Current Receivables	KShs	KShs	Prior Year Adjustment
Interest receivable	1,616,757	(5,684,153)	7,300,909
Current loan repayments due	19,196,977	19,760,112	(563,136)
Other exchange debtors	1,967,265	1,736,884	230,382
Less: impairment allowance (withdrawals)			
Total Current receivables	22,780,999	15,812,844	6,968,155
Non-Current receivables			
Long term loan repayments due	206,670,996	214,663,737	(7,992,742)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Long term portion of Interest receivable	22,826,513	22,120,376	706,137
Long term portion of Other exchange debtors	8,782,624	8,783,724	(1,100)
Total Non-current receivables	238,280,133	245,567,837	(7,287,705)
Total receivables from exchange transactions	261,061,132	261,380,681	(319,549)

29. 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:

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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 Fund'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 Fund'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 2023				
Receivables From Exchange Transactions-Car loans and mortgages	26,402,748	1,552,335	2,769,028	-
Receivables From Non-Exchange Transactions	14,750,848	14,750,848	-	-
Bank Balances	31,745,958		-	-
Total	72,899,554	16,303,183	2,769,028	-
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	35,267,645	-3,931,209	10,336,364	-
Receivables From Non-Exchange Transactions	14,374,963	14,374,963	-	-
Bank Balances	34,996,093	-	-	-
Total	84,638,701	10,443,754	10,336,364	-

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

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 Fund has recognised in the financial statements is considered

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from 0.

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 Fund's short, medium, and long-term funding and liquidity management requirements. The Fund 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 2023				
Trade Payables	0	0	0	0
Total	0	0	0	0
At 30 June 2024				
Trade Payables	0	0	0	0
Total	0	0	0	0

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund'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 the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

d) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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. 0 (20xx: Kshs. 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 0 (20xx— Kshs. 0)

e) 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 Fund capital structure comprises of the following funds:

Description	FY 2023/24	FY 2022/23
	Kshs.	Kshs.
Revolving fund	0	0
Accumulated surplus (<i>Reserves</i>)	0	0
Total funds	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

30. 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) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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b) Related party transactions

i. Transfers from related parties

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Transfers from related parties	0	0

ii. Key management remuneration

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs.	Kshs.
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

31. Events after the Reporting Period

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

32. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of 0 entity which is an MDA/ Constitutional Commission or Independent Office/ SC or SAGA

33. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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23. 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)
	Basis for Qualified Opinion		
1.0	<p>Unsupported Expenditure on Employee Costs The statement of financial performance and Note 6 to the financial statements reflects expenditure on employee costs totaling to KES 1,162,800. However, Management did not provide payment vouchers, staff files and payroll extract for the period or bank statements to support the expenditure on employee costs.</p> <p>In the circumstances, the accuracy, propriety and completeness of expenditure on employee costs totaling to KES 1,162,800 could not be confirmed.</p>	<p>employee costs mentioned relate to staff travel and accommodation costs and conference costs while conducting the committees’ meeting and an orientation session. The total expenses are represented in two vouchers dated 19th May 2023 of KES 1,102,800 and 6th June 2023 of KES 60,000 as also presented in the Funds Annual Cash Book.</p> <p>These two vouchers are hereby presented as annex 1.</p>	
2.0	<p>Unsupported cash and cash equivalents balance The statement of financial position and note 12 to the financial statements reflects a balance of KES 31,745,958 in respect to cash and cash</p>	<p>the amount mentioned represents the Fund’s cash book balance as of June 2023, as also represented in the Fund’s Annual Cash book.</p> <p>attached as annex 2 are the Fund’s Annual Cash Book, Bank Reconciliation Statement and a certificate of balance from the local commercial bank where the Fund’s account is domiciled.</p>	

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	<p>equivalents. However, certificate of bank balance was not provided for audit verification.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of KES 31,745,958 could not be confirmed.</p>																																																																																																																			
<p>3.0</p>	<p>Unsupported loan disbursement balance The statement of financial position and note 13 to the financial statements, reflects a balance of KES 221,938,357 in respect of long term receivables from exchange transactions which includes a balance of KES 105,000,000 in respect to loans disbursed to twelve (12) members of staff. As previously reported, the respective loan application files were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the balance of KES 105,000,000 for loans disbursed to members could not be confirmed.</p>	<p>the loan application files relate to the first batch of beneficiaries at the commencement of the fund who were mainly the cabinet members of the former government as provided in the schedule below;</p> <table border="1" data-bbox="587 831 1318 1843"> <thead> <tr> <th>No</th> <th>Names</th> <th>Amount</th> <th>Date of disbursement</th> </tr> </thead> <tbody> <tr> <td rowspan="3">1</td> <td>HE Moses Lenolkulal</td> <td>5,000,000.00</td> <td>21st May 2015</td> </tr> <tr> <td>HE Moses Lenolkulal</td> <td>21,000,000.00</td> <td>4th Nov 2015</td> </tr> <tr> <td>HE Moses Lenolkulal</td> <td>4,000,000.00</td> <td>20th April 2016</td> </tr> <tr> <td rowspan="2">2</td> <td>HE Joseph Lemarkat</td> <td>5,000,000.00</td> <td>21st May 2015</td> </tr> 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<p>4.0</p>	<p>Inaccuracy in the statement of cash flows The statement of financial performance and note 4 to the financial statements reflects revenue totaling to KES 6,758,202 in respect to interest income. However, the statement of cash flows reflects a corresponding nil revenue under the same item resulting to unreconciled variance of KES 6,758,202</p> <p>In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.</p>	<p>at the point of issuing a loan to a beneficiary, the entire amount basically represents the principal. However, during repayment, the total amount received constitutes a portion of the principal being repaid and an interest of 3% loaded onto it. At the end of the repayment period an equal sum of principal issued will have been repaid and the amount over and above the principal repaid serves as interest.</p> <p>this therefore means the Fund only gains on interest amount loaded onto the principal sum earlier awarded. Given that the principal repaid only cancels the principal earlier issued, fundamentally means it has a zero net effect on the financial performance or wealth creation of the Fund while the interest realized increases the Fund's revenue status and eventually increased profitability.</p> <p>Having said this out of the total amount received of KES 19,797,777 in the year, KES 12,941,448 represented the principal repayment while KES 6,758,202 represented the interest thereon. Given that the principal earned does not constitute profit to the Fund, it therefore does not improve the financial performance of the Fund but interest earned does. It is for this reason that interest earned is featured in the statement of financial performance of the Fund.</p> <p>On the other hand, a cash flow statement just like the cash book records daily cash inflows and out flows regardless of the net effect this movement has on wealth creation to the Fund. This is the reason both cash book and cash flow statement recognize both principal repaid and interest thereon of KES 19,797,777.</p> <p>attached as annex 4 is a summary schedule of amounts received, principal and interest earned, accrued principal and interest and the actual overall status of repayments. Consequently, we have attached extracts of statement of financial performance, statement financial position, annual FO 30 cash book and the annual cash flow analysis clearly showing classification and treatment of the interest amount in question.</p>	
	<p>Other Matter</p>		
	<p>Unresolved prior year audit matters In the audit report of the previous year, several issues were raised under the report on financial statements, Report on</p>	<p>not much has been achieved in resolving issues raised in prior year audit exercises since their closure depends on invitations by either the County Assembly or the Senate's PIC committee. We have never received invitations on Funds audit issues.</p>	


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	<p>lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance. However, management did not provide the status and the timeframes for the resolution of the audit issues and reasons for the delay in resolving the prior year audit issues.</p>	<p>I must commend this Committee for giving us our first ever opportunity to present our reports and it is our desire to work with you to eventually resolve all the issues raised.</p>																																																										
	<p>Conclusion</p>																																																											
<p>1.0</p>	<p>Disbursement of unsecured and uninsured loans The statement of financial position and Note 13 to the financial statements reflects balances of KES 221,938,357 and KES 26,402,748 in respect of long term and current portion of receivables from exchange transactions respectively being loans to members of staff of the County Executive that were granted without any collateral security. As previously reported, the loans and mortgages granted to members did not have a mortgage protection and fire policy with an approved insurance firm contrary to regulation 16(1) of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme Fund) regulations, 2016 which requires that a borrower shall take out and maintain a mortgage</p>	<p>Samburu County Executive Mortgage Fund Committee made tremendous efforts in ensuring that all Mortgage Beneficiaries that had not submitted their collaterals in compliance with requirements of the Fund’s Act. The beneficiaries in question are as follows;</p> <table border="1" data-bbox="587 943 1321 1704"> <thead> <tr> <th></th> <th>Name of Applicant</th> <th>Collateral Submitted</th> </tr> </thead> <tbody> <tr><td>1</td><td>H.E. Moses Lenolkulal</td><td>√</td></tr> <tr><td>2</td><td>H.E. Joseph Lemarkat</td><td>√</td></tr> <tr><td>3</td><td>Stephen Lekupe</td><td>√</td></tr> <tr><td>4</td><td>Vincent Learaman</td><td>√</td></tr> <tr><td>5</td><td>Daniel Lenolkirna</td><td>√</td></tr> <tr><td>6</td><td>Julius Leseeto</td><td>√</td></tr> <tr><td>7</td><td>Irene Senei</td><td>√</td></tr> <tr><td>8</td><td>Peter Leshakwet</td><td>√</td></tr> <tr><td>9</td><td>Peter Lolmodooni</td><td>√</td></tr> <tr><td>10</td><td>Grace Lembei</td><td>√</td></tr> <tr><td>11</td><td>Dickson Loorubat</td><td>√</td></tr> <tr><td>12</td><td>Christine Lentoimaga</td><td>√</td></tr> <tr><td>13</td><td>Samwel Lempushuna</td><td>√</td></tr> <tr><td>14</td><td>Thomas Lokesike</td><td>√</td></tr> <tr><td>15</td><td>Timothy Lesingiran</td><td>√</td></tr> <tr><td>16</td><td>Abednego Lenemiria</td><td>√</td></tr> <tr><td>17</td><td>Patrick Yamako Lekimain</td><td>√</td></tr> <tr><td>18</td><td>Bernard Saidimu Lenarogoito</td><td>√</td></tr> </tbody> </table> <p>However, in the prevailing situation, the most common land ownership document has always been the allotment letters which do not substantively guarantee loan security given that they cannot be charged. I am glad to state that all is not lost, since at the moment we are undertaking a massive titling process and in due time residents of Samburu will have authentic land ownership documents in the form of title deeds. taking advantage</p>		Name of Applicant	Collateral Submitted	1	H.E. Moses Lenolkulal	√	2	H.E. Joseph Lemarkat	√	3	Stephen Lekupe	√	4	Vincent Learaman	√	5	Daniel Lenolkirna	√	6	Julius Leseeto	√	7	Irene Senei	√	8	Peter Leshakwet	√	9	Peter Lolmodooni	√	10	Grace Lembei	√	11	Dickson Loorubat	√	12	Christine Lentoimaga	√	13	Samwel Lempushuna	√	14	Thomas Lokesike	√	15	Timothy Lesingiran	√	16	Abednego Lenemiria	√	17	Patrick Yamako Lekimain	√	18	Bernard Saidimu Lenarogoito	√	
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	<p>protection policy and a fire policy with and insurance firm approved by the committee, the cost of which shall be borne by the borrower.</p> <p>In the circumstances, management was in breach of the law.</p>	<p>of this on-going titling process, I had expressly directed my CeC in charge of Lands, Physical Planning and Housing to retain title deeds of land all beneficiaries of County loans and forward them to the Fund's Committee for onward charging. Attached as annex 5 are copies of collaterals submitted.</p> <p>in the last sitting of Samburu County Executive Mortgage Committee meeting, members reviewed tender application documents from three insurance firms and collectively awarded APA insurance Company to provide cover for staff loans. The company has been providing services to the Fund for the last one year.</p> <p>Attached as annex 6 is the evidence of procurement of the said services.</p>	
<p>2.0</p>	<p>Unauthorized borrowing by the county executive The statement of financial position and Note 15 to the financial statements reflects other receivables balance of KES 14,750,848 representing outstanding loan balances from the Samburu County Executive. As previously reported, the receivables balance is in respect of cash withdrawals from the Fund bank account whose supporting documentation were not provided. In addition, the cash and withdrawals were not approved by the County Assembly contrary to section 142 of the Public Finance Management Act, 2012 which requires that County Government entities seek the authority of the County Assembly to borrow cash on a short</p>	<p>the amount mentioned of KES 16,300,000 relates to borrowings made by the County Executive from the Fund's account to facilitate urgent activities at such a time when the County Executive was experiencing cash flows challenges. Though the policy allows refunds to be made within the year, this was not realized and it became increasingly difficult to make the refund since it required to undergo the full budgeting cycle.</p> <p>out of the total amount borrowed, the County Executive has since only managed to refund KES 1,749,152 into the Fund's account leaving a balance of KES 14,550,848 yet to be refunded.</p> <p>the County Executive would like to make a commitment to fully make this refund in its FY 2024/25 first supplementary budget scheduled to take effect in this first quarter of the Financial Year 2024/25.</p>	

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	<p>term basis for the cash management purposes only and ensure that the money borrowed is repaid within a year from the date on which it was borrowed.</p> <p>In the circumstances, Management was in breach of the law.</p>		
<p>3.0</p>	<p>Unapproved Budget The statement of comparison of budget and actual amounts reflects total budget revenue and expenditure of KES 6,758,202 and KES 1,164,117, respectively. However, the budget was not approved contrary to section 149(2) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare estimates of the expenditure of an entity in conformity with strategic plan and submit the estimates of the entity which is not a county corporation to County Executive Committee Member for finance for approval by the County Executive Committee and subsequently by the County Assembly.</p> <p>In the circumstances, management was in breach of the law.</p>	<p>We regrettably admit that the committee had not generated the Fund's FY 2022/23 budget. We plan to have a refresher session with the Fund's committee on its roles in the management of the Fund in this quarter.</p>	
	<p>Basis for conclusion</p>		
	<p>Lack of a Financial Management System Review of records revealed that management has not developed a reliable</p>	<p>I wish to confirm that after a successful tendering process in FY 2021/22 an award worth KES 3,944,000 was given to Bright Innovations Ltd to supply a Mortgage Accounting System. I further would like to confirm that the system was successfully delivered and installed and in due time, users will undergo training in</p>	

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	<p>financial management system and instead use Microsoft Excel application which is unable to provide sufficient information to aid management in decision making capable of producing accurate and reliable accounts free from errors, fraud and which will be useful in management decisions and statutory reporting.</p> <p>In the circumstances, the adequacy of safeguards for proper and accurate accounting for the fund operations could not be confirmed.</p>	<p>order to fully take advantage of the merits of the system. We therefore look forward to generate FY 2023/24 financial statements of the Fund using the mentioned System.</p> <p>Attached as annex 7 are the payment voucher and sample electronic evidence of the reports from the system.</p>	
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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

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

Date.....

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Annex II: Inter-Fund Confirmation Letter

THE COUNTY GOVERNMENT OF SAMBURU

When replying please quote

Our Ref: SAMC/MORT/ACC/VOL.(2)

Your Ref:



P.O. Box 3 - 20600

MARALAL

30th June 2024

COUNTY TREASURY

Samburu County Executive Staff Mortgage Scheme Fund

Samburu County Government wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

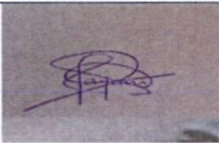
Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30th June 2024

Reference Number	Date Disbursed	Amounts Disbursed by Samburu County Government (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)		
N/A	N/A	NIL	NIL	NIL	NIL	NIL	NIL
Total		NIL	NIL	NIL	NIL	NIL	NIL

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

Head of Accountants department of beneficiary Fund:

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Name: Joseph Lekalkuli Sign  Date: 30th Sept 2024

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Fencing of waste management sites	Construction of Perimeter wall for Kisima and Suguta, Waste Management site (Dumping site)	To improve solid waste management in major towns	Construction of Perimeter wall at the dumpsites					County Government	
	Improvement of Maralal Waste Management Site (Dumping site)	To improve solid waste management within Maralal town	Repair of Maralal dumpsite fence					County Government	

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Control of soil erosion	Construction of soil conservation structures in Opiroi, Arsim and Nchock	To control soil erosion for enhanced rangeland management	Construction of soil conservation structures in degraded areas					County Government	
Tree planting	Tree planting	To increase forest cover within the county	Tree planting activities during commemoration of world Environment Day School greening programme					County Government, Caritas	KFS, NEMA, Caritas,
Environment frameworks	Legal Formulation of Climate Change Policy and Act, Forestry and Tree growing Policy, Rangelands Management and Grazing Policy	To enhance Environmental planning and management	Policy formulation Policy approvals Sensitization of the House Committee on the legal frameworks					County Government, UN/FAO, UN/WFP	FCDC/ LISTEN
Climate change	Establishment of Ward Climate Change committees	To build community resilience on climate change issues	Community sensitizations on climate change Act, committee elections					LISTEN Project	FCDC

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Climate Change	Participatory Climate Risk Assessment	To assess community vulnerability to climate related risks and hazards	Community consultation meetings at the ward level					FLOCCA	LISTEN/FCDC
Drafting of the County Climate Change Action Plan	County Climate Change Action Plan	To propose intervention measures to increase resilience of the county to climate change impacts	Ward level climate actions development Workshop on drafting of the CCAP and integration of the ward proposals					FLOCCA	LISTEN/FCDC
Green Energy	Solarization of boreholes	To enhance adoption of renewable energy (solar)	Installation of solar powered water systems in boreholes					County Government	ACTED, REDCROSS, UNICEF, NDMA, Food for Hungry, Caritas, World Vision, USAID-Nawiri, Fin Church Aid
Natural Resource Management Institutions	Training of WRUAs, CFAs, WUAs	To enhance protection and management of fragile ecosystems	Establishment and training of NRM institutions					County Government, USAID-Nawiri, LISTEN/SNV, FAO	SNV-LISTEN, NEMA, KFS, IMPACT Trust, and WRA

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Disaster Risk Reduction	Training of DRM committees	Flash floods	To mitigate the effects of flash floods in both live and livelihoods	Sensitization of the public	2,000,000	Not funded
	Establishment and training of DRM committees	Conflicts	To prepare and mitigate the effects of conflicts in lives and livelihoods	Training of DRM committees from village to County level	15,000,000	Not funded
	Operationalisation and equipping of Emergency operation	Early warning and early response	To respond effectively on current and emerging disasters and mitigate	Equipping of emergency operation centre	5,000,000	Not funded
	Reviewing and repealing of DRM Policy and DRM Act.	To have legal documents to operationalize DRM intervention.	To legally respond and mitigate disasters perfectly	Reviewing and repealing of DRM Policy and DRM Act.	10,000,000	Not funded
	Contingency planning	Mitigation				

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Emergency Relief food	Distribution of emergency relief food	Drought	Cushion the vulnerable households from hunger	Issuance of emergency relief food	30,000,000	Insufficient funding
	Identification and targeting of vulnerable households	Mitigation	Cushion vulnerable households from effects of hunger	Targeting of vulnerable households	5,000,000	Not funded
Peace and cohesion	Peace policy and Act operationalization	Conflicts	To save lives and livelihoods that are caused by the conflicts.	Sensitization And operationalization of peace policy and Act	5,000,000	Not funded
Partner relations and coordination	Coordination	Mitigation	To link partners to County department	Resource mobilization and building of synergies	2,000,000	Insufficient funding