

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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ON

**TURKANA COUNTY EXECUTIVE
STATE AND PUBLIC OFFICERS CAR
LOAN & MORTGAGE FUND**

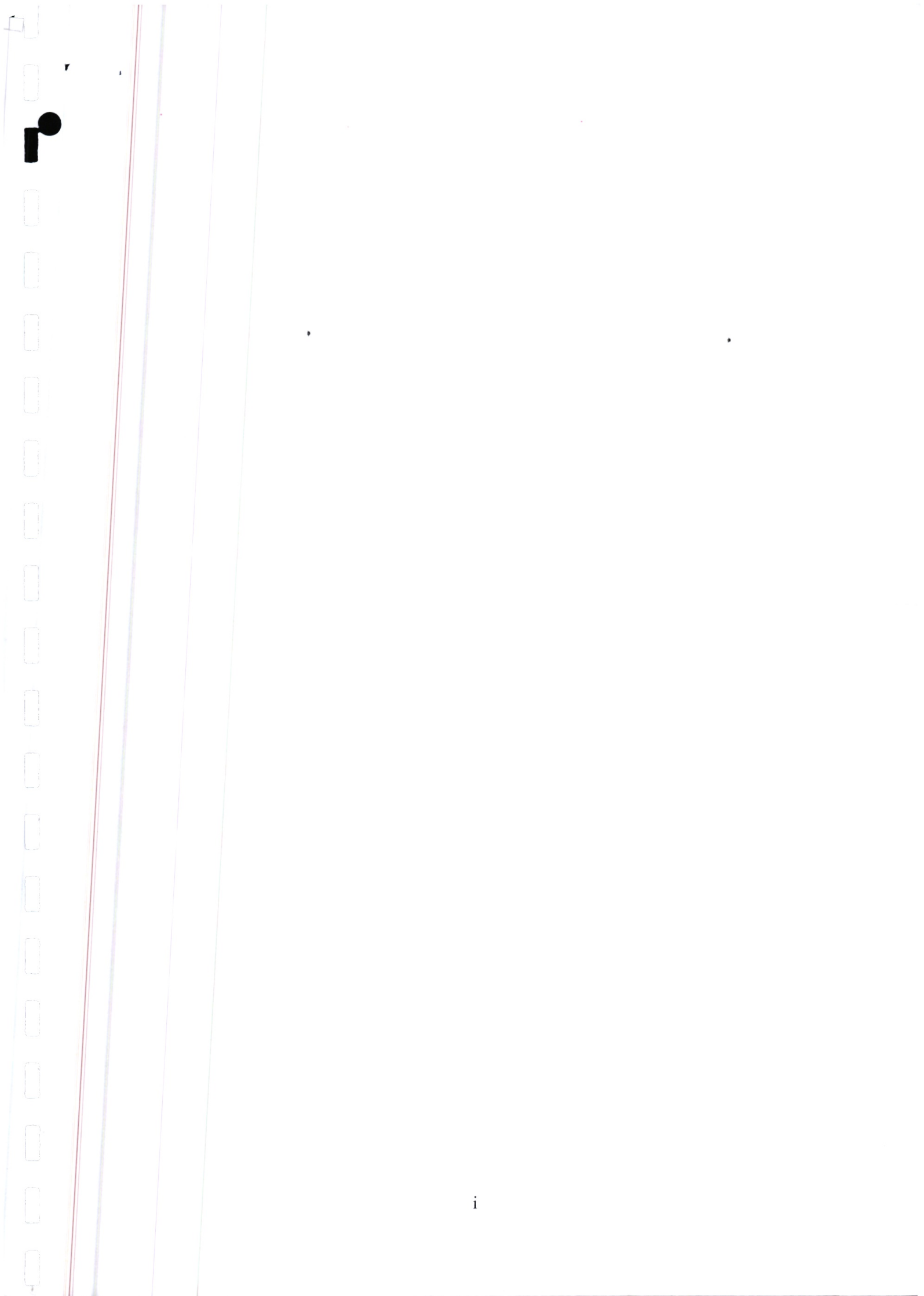
**FOR THE YEAR ENDED
30 JUNE, 2023**



**TURKANA COUNTY TURKANA COUNTY EXECUTIVE STATE AND
PUBLIC OFFICERS CAR LOAN AND MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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



*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

2. Key Entity Information and Management

a) Background information

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund is established by and derives its authority and accountability from the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The Fund's principal activity is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

c) Key Management Team

Ref	Name	Position
1	Peter Eripete	Fund Chairperson
2	Cicilia Majuma Etaan	Fund Vice - Chairperson
3	Cyrus James Illikwel	Fund Administrator
4	Simon Logilae	Fund Accountant

d) Registered Offices

P.O. Box 11-30500
County Treasury Building
Nawoitong Road
Lodwar, KENYA

e) Fund Contacts

Telephone: (254) 0790531896
E-mail: slogilae@yahoo.com
Website: www.tcg.go.ke

f) Fund Bankers

1. Kenya Commercial Bank
P.O BOX 58-30500
LODWAR

g) Independent Auditors





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

h) County Attorney

P.O BOX 11-30500,
LODWAR.





*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

3. Fund Administration Committee




Name	Details of qualifications and experience
<p>1. Peter Eripete</p> 	<p>Mr. Peter Eripete is the Chairperson Of the fund, he was Born on 10th November 1958. He is Currently serving as the County Secretary of Turkana County Government. He has a Bachelor's degree in Arts and a working experience of 37 years in public service.</p>
<p>2. Cicilia Majuma Etaan</p> 	<p>Mrs. Cicilia Majuma Etaan is the Vice Chairperson of the Fund and she is also the Chief officer of Public Service. She has over 8 years of work experience in both the public and private sectors. He holds a Bachelors' Degree in Education from Kenyatta university</p>
<p>3. Cyrus James Illikwel</p> 	<p>Mr. Cyrus James Illikwel is the Secretary of the Fund. He has over 14 years' experience serving in various capacities in the public sector including senior managerial positions. Holds a Master degree in Business Administration Accounting option, Bachelor of commerce accounting option coupled with CPA part II certification.</p>
<p>4. Mark Ekeru Achilla</p> 	<p>Mr. Mark Achilla is a member of the Fund. He is the chief officer of Roads and Transport. He holds a Master of science degree in Mechanical engineering, bachelor of industrial technology and a Diploma in mechanical engineering (plant option). He has over 13 years of extensive working experience in the field of Engineering coupled with managerial responsibilities.</p>



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<p>5. Chris Kiyana</p> 	<p>Mr Chris Kiyana is a Member of the Fund. He was Born on 24th September, 1983. He is Currently serving as the Director of Human Resource Management. He has a Master's degree in Human Resource Management and a Bachelor's Degree in Business management-HRM. He is a Member of IHRM No.06432. He also has a higher diploma in HRM and a working experience of 12 years both in private and public service</p>
<p>6. Joseph Egiron</p> 	<p>Mr Joseph Egiron is a Member Of the Fund. He was Born on 2nd January, 1981. He is Currently serving as the Director of Urban areas management and has a Bachelor's Degree in Lands survey. He as a working experience of 14 years in public service.</p>
<p>7. James Eyen</p> 	<p>Mr. James Eyen is a member of the fund, he was born on 1st July, 1982. He has a bachelors degree in Human Resource Management. He has working experience of 18 years in public service.</p>
<p>8. Erastus EtheKon</p> 	<p>Mr Erastus EtheKon is an Ex-Officio Member of the Fund. He was Born on 10th February, 1976. He is Currently serving as the County Attorney. He has a degree of Master of Science (Project Management) and a Master of Laws in Transnational oil, gas and energy Law. He also has master's degree in peace, conflict and development studies. He has also a Bachelor's Degree in Law. He is an Advocate of the high court and a Member of Law society of Kenya No. P105/5061/03. He has a working experience of 19 years both in private and public service.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Peter Eripete</p> 	<p>Mr. Peter Eripete is the Chairperson Of the fund, he was Born on 10th November 1958. He is Currently serving as the County Secretary of Turkana County Government. He has a Bachelor's degree in Arts and a working experience of 37 years in public service.</p>
<p>2. Cicilia Majuma Etaan</p> 	<p>Mrs. Cicilia Majuma Etaan is the Vice Chairperson of the Fund and she is also the Chief officer of Public Service. She has over 8 years of work experience in both the public and private sectors.</p> <p>He holds a Bachelors' Degree in Education from Kenyatta university.</p>
<p>3. Cyrus James Illikwel</p> 	<p>Mr. Cyrus James Illikwel is the Secretary of the Fund. He has over 14 years' experience serving in various capacities in the public sector including senior managerial positions.</p> <p>Holds a Master degree in Business Administration Accounting option, Bachelor of commerce accounting option coupled with CPA part II certification.</p>

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

5. Fund Chairperson's Report

As Turkana County Executive State and Public officers Car Loan and Mortgage Fund marks its 5th year of active operations, I am proud of the progress made this far. The Fund has recorded tremendous strides in realizing the objective of providing loans for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive members of staff.

As a committee, our role is to adhere to the policies and regulations in place and facilitate the Turkana executive members of staff. The various interactions we had with staff loan applications documents; they informed the need to review the regulations for improved management of the fund.

I am proud of the disbursements made in the FY 2022/2023. I would also like to recognize the role played by the committee members in offering valuable guidance into the management of the fund.

Finally, the objective of the fund is in line with the National Agenda of affordable housing. Staff sensitization has been enhanced and they have been encouraged to embrace this opportunity. Plans have been put in place to avail more resources to this fund going forward and widen accessibility of this facility to all executive staff members. As the chairperson of this fund, I am extremely optimistic that the overall objective of the fund will eventually be achieved.

Name PETER EKIPETE Signature  Date 14-12-2023

Chairperson of the Fund.

6. Report of The Fund Administrator

It is a great honour to present the Financial Report for the Turkana County Executive State and Public officers Car Loan and Mortgage Fund. The report highlights the milestone achieved by the Turkana County Executive State and Public officers Car Loan and Mortgage Fund during the Financial Year 2022/2023.

The principal mandate of the Turkana County Executive Car Loan and Mortgage Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

The report for this Fund covers 12 months' period beginning from July 2022 to June 2023. The budgetary allocation for the fund during the year was Kshs.50,000,000. Disbursements in loans worth Kshs.51,300,000 were made to 7 County Executive staff after conducting one (1) Committee meeting. The County Treasury owes the fund Kshs.45,445,263 and it's expected to be refunded in the FY 2023/2024. During the year the Fund generated an income interest of Kshs.3,308,258 from loans issued. The Fund received a further income of Kshs.26,000 from loan application fees.

7. Statement of Performance Against the County Fund's Predetermined Objectives

Introduction

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

The key strategic objective of the Turkana County Executive State and Public officers Car Loan and Mortgage Fund is to provide a loans for purchase of motor vehicles and purchase, development, renovation or repair of residential property to Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

Progress on attainment of strategic objective

Below we provide the progress on attaining the stated objective:

Program	Objective	Outcome	Indicator	Performance
Turkana County Executive State and Public officers Car Loan & Mortgage Fund	To provide a loan scheme for the purchase of Motor vehicles and purchase, development, renovation or repair of residential property by Turkana County Executive State and Public officers.	Increased Number of State and Public officers accessing Loan facility.	Number of State and Public officers accessing loan facility.	In FY 2022/23, the Fund disbursed loans to 6 Executive staff members being the fifth disbursement since inception of the Fund. Thus, the total number of the Executive staff members who have received the loan are 42.

8. Corporate Governance Statement

Turkana County Executive State and Public officers Car Loan and Mortgage Fund recognizes corporate governance to be central towards meeting its objectives.

The principal mandate/objective of the Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

Committee Meetings

The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated by the chairperson and shall be convened at such times as may be necessary for the discharge of the committee's functions. The quorum for a meeting of the committee shall be chairperson and any other four members. The Turkana County Executive State and Public officers Car Loan and Mortgage Fund Administration Committee conducted one (1) meeting during the FY 2022-2023.

Loans Management Committee

Section 6(1) of the Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016 stipulates that there is established committee to be known as the Members Mortgage Loans Management Committee, which shall consist of

- (a) chairperson—The County Secretary
- (b) Vice-Chairperson—Chief Officer Public Service, Decentralized Administration and Disaster Management;
- (c) Secretary—Chief Officer Finance;
- (d) Member—Chief Officer - Roads, Transport and Infrastructure;
- (e) Member- Director- Urban Areas Management: Chairperson – County Secretary.
- (f) Member—Director - Supply Chain Management;
- (g) Member—Director of HRM;
- (h) Member—Deputy Director HRM and payroll Management;
- (i) Two members of staff, male and female nominated by the County Public Service Board; and
- (j) The County Executive Legal Officer as Ex Officio Member.

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

The role of the committee is to process loan applications in accordance with the existing terms and conditions of borrowing and supervise the day to day running of the Fund.

Existence of a service charter

Turkana County Executive State and Public officers Car Loan and Mortgage Fund has not yet developed a service charter. The Fund Administration Committee has intention of developing one the in the FY 2023-2024.

Process of appointment and removal of Administration Committee members

Turkana County Executive State and Public officers Car Loan and Mortgage Fund has an established committee known as the Loans Management Committee. The committee comprise of; County Secretary, Chief officer, public service, administration & Disaster management, Chief Officer, Finance.

Members Include, Chief Officer Roads, transport and infrastructure, Director- urban areas management, Director- Supply chain management, Director- Human resource management and Deputy director- HRM and Payroll management.

Ex-officio Member- County Attorney.

Functions of the Loans Committee

The functions of the committee are defined by section 7(2), which include the following: -

- a) The Committee shall consider and may approve the loan applications presented by the officer administering the Fund.
- b) The Committee shall open an account under the names Turkana County Car Loan and Mortgage Scheme in a recognized commercial bank: and
- c) The chairperson of the committee, the secretary to the committee and one member appointed by CEC Finance among the committee shall be the mandatory signatory to the account.

9. Management Discussion and Analysis

Turkana County Executive Car Loan and Mortgage Fund is established by and derives its authority and accountability from the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The principal mandate/objective of the Turkana County Executive Car Loan and Mortgage Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

The report for this Fund covers 12 months' period beginning from July 2022 to June 2023. The budgetary allocation for the fund during the year was Kshs.50,000,000. Disbursements in loans worth Kshs.51,300,000 were made to 6 County Executive staff after conducting one (1) Committee meeting. The County Treasury owes the fund Kshs.45, 445,263 and it's expected to be refunded in the FY 2023/2024. During the year the Fund generated an income interest of Kshs.3,308,258 from loans issued. The Fund received a further income of Kshs.26,000 from loan application fees.



10. Report of The Loans Management Committee

The Loans Management Committee submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide a loan scheme for the purchase of Motor vehicles and purchase, development, renovation or repair of residential property by Turkana County Executive State and Public officers.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1

Trustees

The members of 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 Loans Management Committee



.....
Chair of the Loans Management Committee

Date: **14-12-2023**

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management (Turkana County Executive State and Public Officers 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.

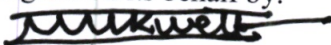
The Administrator of the Turkana County Executive State and Public Officers Mortgage Scheme Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 Turkana County Executive State and Public Officers Mortgage Scheme 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 the Public Finance Management (Turkana County Executive State and Public Officers 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, 2023, 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 Turkana County Executive State and Public Officers Mortgage Scheme Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Approval of the financial statements

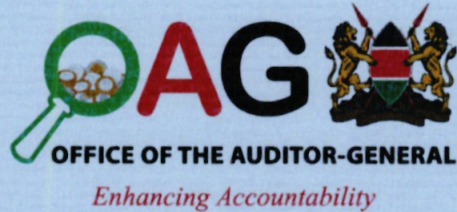
The Turkana County Executive State and Public Officers Mortgage Scheme Fund financial statements were approved by the Loans Management Committee on 14-12- 2023 and signed on its behalf by:



.....
Administrator of the County Public Fund

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR LOAN & MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 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 the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Opinion

I have audited the accompanying financial statements of Turkana County Executive State and Public Officers Car Loan & Mortgage Fund set out on pages 1 to 41, which comprise

Report of the Auditor-General on Turkana County Executive State and Public Officers Car Loan & Mortgage Fund for the year ended 30 June, 2023

the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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, the financial statements present fairly, in all material respects, the financial position of Turkana County Executive State and Public Officers Car Loan & Mortgage Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Turkana County Executive State and Public Officers Car loan and Mortgage Scheme Fund) Regulations, 2016 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund had an approved development budget of Kshs.50,000,000 in the County's budget for the year ended 30 June, 2023 which was received in full. Further, the Fund received application fees of Kshs.26,000 and earned interest of Kshs.3,308,258 while it incurred expenses of Kshs.2,130 on use of goods and services and disbursed Kshs.51,300,000 to six (6) members as car loan and mortgage out of the twenty-six (26) applications received in the year.

In circumstances, the objectives of the Fund may not be realized as a result of low levels of car loan and mortgage disbursement.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for 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. Failure to Prepare an Operational Budget

The statement of comparison of budget and actual amounts reflects final income and expenditure budget of Kshs.3,528,000. Further, the Fund earned interest income of Kshs.3,334,258 while Kshs.2,130 was incurred on use of goods and services. However, there was no evidence to show that the management prepared an operational or spending budget for the year contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 requires the accounting officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and Section 149(2)(i) which requires the accounting officer to submit the estimates of an entity which is not a county corporation to County Executive Committee Member for Finance.

In the circumstances, the management was in breach of the law by operating without an approved operational budget.

2. Un-Secured Loan Disbursements

The statement of financial position reflects current portion of long-term receivables from exchange transactions of Kshs.18,047,341 and long-term receivables from exchange transactions of Kshs.122,611,261 totalling Kshs.140,658,602 as disclosed in Note 13 to the financial statements. Included are loans totalling Kshs.51,300,000 disbursed to six (6) members.

However, review of loan application forms, member's files and minutes of the Fund Committee revealed the following:

- i. There is no evidence to show that the disbursements of Kshs.51,300,000 was based on the value of the land on which the residential property was developed or rate of completion of the phases of development duly certified by a registered valuer contrary to Regulation 10 of the Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations (TCESPOMSFR), 2016 which stipulates that a loan granted for the development of a residential property shall be released to the applicant in the following phases (a) the first disbursement based on the value of the land on which the residential property is proposed to be developed (b) the subsequent disbursements based on the rate of completion of the various phases of development as certified by a qualified valuer at the cost of the applicant.
- ii. There is no evidence to show the borrowers deposited ten percent of value of the property to the Fund as required by Regulation 13(3)(a)(b) of the Public Finance Management (TCESPOMSFR), 2016 which states that a loan granted to a borrower under these regulations shall be funded at the rate of ninety per centum of the value of the property, where such property is situated in Turkana ninety per centum of such value where the property is situated in any other area; and the borrower shall be required to deposit the balance thereof with the Fund.
- iii. There is no evidence that property acquired through the Scheme have been charged to the Fund contrary to Regulation 18(1) of the Public Finance Management (TCESPOMSFR), 2016 which states that the responsibility of the mortgage institution appointed under this regulation shall be to charge security on properties acquired through loan from the Fund and act as custodian of such a charge.
- iv. There was no evidence of prior authority in writing for pension dues and or gratuity to be utilized to clear any outstanding debt in case the member losses their job before fully repaying the loan in respect of mortgage disbursements contrary to Regulation 12(2) of the Public Finance Management (TCESPOMSFR), 2016 which states that a member of the scheme shall be required to give prior authority in writing for pension dues and other gratuity to be utilized to clear any outstanding debt in case the member loses his job before fully repaying the loan.
- v. Borrowers did not maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Board contrary Regulation 17 of the Public Finance Management (TCESPOMSFR), 2016 that requires the borrower to take out and maintain a mortgage protection policy and a fire policy with an insurance company completely sourced by the committee. The cost of which shall be paid out of the Fund and debited to the borrowers account.
- vi. The original ownership documents of properties developed or purchased were not kept in custody of the Fund contrary to Regulation 18(1) of the Public Finance

Management (TCESPOMSFR), 2016 which states that the originals of all documents relating to property financed by a loan from the Fund shall be kept in safe custody by the officer administering the Fund. Regulation 18(2) states that documents referred in paragraph (1) shall include the title deeds, allotment letters and authentic sale agreements.

- vii. Six members of the scheme with cumulative loan balances of Kshs.10,066,474 as at 30 June, 2023 stopped or did not consistently repay their loans during the year and there is no evidence of default notices issued to them.

In the circumstances, the Management was in breach of the regulations and the Fund is likely to lose funds in case of default by members or in case of occurrence of un-insured risks.

3. Outstanding Irregular Internal Borrower or Lending

The statement of financial position reflects current portion of long-term receivables from non-exchange transactions balance of Kshs.45,445,263 in respect of outstanding loans lent out to Turkana County Executive. This amount has been outstanding for more than three years since borrowing. As reported previously, there was no evidence of County Assembly approval of short-term borrowings contrary to Section 142(1) of the Public Finance Management Act, 2012 which requires county government entities to seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only. Section 142(2) sets the limit of any borrowing under Section 142(1) at five percent of the most recent audited revenues of the entity. Section 142(3) stipulates that a county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

In the circumstances, the Management was in breach of the law and the Fund is not likely to meet its objective of disbursing loans to members of staff.

4. Long Outstanding Trade and Other Payable from Exchange Transaction

The statement of financial position and Note 20 to the financial statements reflects trade and other payables balance of Kshs.139,344 which has been outstanding for more than nineteen (19) months. The balance arose out of a loan overpayment by a member in November, 2021. No reason has been provided for the failure to refund the overpayment.

In circumstances, the fund is irregularly holding a members fund.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for 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 overall governance were not effective.

Basis for Conclusion

Implementation of Oversight Bodies' Recommendations

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund was established during the year ended 30 June, 2016 with the objective of providing members with loans for purchase of motor vehicles, development, renovation or repair of residential property. Further, statutory audits of the Fund for the years ended 30 June, 2017, 2018, 2019, 2020, 2021 and 2022 were concluded and audit reports issued to Management by the Auditor-General. However, there was no evidence to show that the reports and financial statements have been discussed by audit committee and or tabled at the County Assembly contrary to Section 116(7)(c) of the Public Finance Management Act, 2012 which states that, the administrator of a county public fund shall present the financial statements to the County Assembly and Regulation 19(1) (f-g) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Standing Committee shall generally be responsible for monitoring the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required from time to time; and monitoring timely resolution of audit issues.

In the circumstances, fund management was in breach of the law and the recommendations of the Auditor-General may not be implemented in the absence of effective oversight of the Fund.

The audit was conducted in accordance with ISSAIs 2315 and 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 Fund Administration Committee

The 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 the 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 overall governance.

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

The 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 are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


22 February, 2024

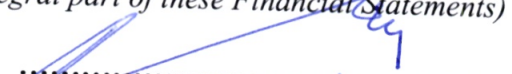
*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

13. Statement of Financial Performance for the Year Ended 30 June, 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	3,308,258	3,011,841
Other Income	5	26,000	28,000
Total Revenue		3,334,258	3,039,841
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	2,130	3,639,242
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses		2,130	3,639,242
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		3,332,128	(599,401)

(The notes set out on pages 19 to 42 form an integral part of these Financial Statements)


 Name: **CYRUS JAMES ILLIKWEL**
 Administrator of the Fund


 Name: **Simon Lokitche**
 Fund Accountant
 ICPAK Member Number:

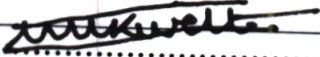
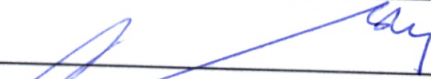
*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
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14. Statement of Financial Position As at 30 June, 2023

Description	Note	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	21,654,825	2,871,649
Current Portion of Long- Term Receivables From Exchange Transactions	13	18,047,341	17,985,588
Current Portion of Short- Term Receivables From Non-Exchange Transactions		45,445,263	45,445,263
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		85,147,429	66,302,500
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	122,611,261	88,124,062
Investment Property	19	-	-
Total non- current assets		122,611,261	88,124,062
Total Assets		207,758,690	154,426,562
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	139,344	139,344
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		139,344	139,344
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total non-current liabilities		-	-
Total Liabilities		139,344	139,344
Net Assets		207,619,346	154,287,218
Revolving Fund		200,822,217	150,822,217
Reserves		-	-
Accumulated Surplus		6,797,129	3,465,001
Total Net Assets and Liabilities		207,619,346	154,287,218

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14.12.2023 and signed by:

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

	
Name: CYRUS JAMES ILLIKWEL	Name: Simon Labowitz
Administrator of the Fund	Fund Accountant
	ICPAK Member Number:

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
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15. Statement Of Changes in Net Assets for the year ended 30 June, 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	150,822,217	-	4,064,402	154,886,619
Surplus/(Deficit) For the Period	-	-	(599,401)	- 599,401
Funds Received During the Year		-		-
Transfers				-
Revaluation Gain	-		-	-
Balance As At 30 June 2022	150,822,217	-	3,465,001	154,287,218
Balance As At 1 July 2022	150,822,217	-	3,465,001	154,287,218
Surplus/(Deficit) For the Period		-	3,332,128	3,332,128
Funds Received During the Year	50,000,000	-		50,000,000
Transfers				-
Revaluation Gain	-		-	-
Balance As At 30 June 2023	200,822,217	-	6,797,129	207,619,346

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
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16. Statement of Cash Flows for The Year Ended 30 June, 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		3,308,258	3,011,841
Receipts from other operating activities (Other income)		26,000	28,000
Total receipts		3,334,258	3,039,841
Payments			
Use of Goods and Services		2,130	3,639,242
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		2,130	3,639,242
Net cash flows from operating activities	25	3,332,128	(599,401)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		16,751,048	28,180,881
Loan disbursements paid out		(51,300,000)	(48,700,000)
Net cash flows used in investing activities		(34,548,952)	(20,519,119)
Cash flows from financing activities			
Proceeds from revolving fund receipts		50,000,000	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		50,000,000	-
Net increase/(decrease) in cash & cash Equivalents		18,783,176	(21,118,520)
Cash and cash equivalents at 1 July		2,871,649	23,990,169
Cash and cash equivalents at 30 June		21,654,825	2,871,649

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

17. Statement Of Comparison of Budget and Actual Amounts For The Period ended 30 June, 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations						
Transfers From County Govt.	0	-	0	0	-	
Interest Income	3,500,000		3,500,000	3,308,258	191,742	94.5%
Other Income	28,000		28,000	26,000	2,000	92.8%
Total Income	3,528,000	-	3,528,000	3,334,258	193,742	94.5%
Expenses						
Employee Costs						
Use of goods and services	10,000		10,000	2,130	7,870	21.3%
Depreciation and Amortization Expense						
Finance Costs						
Total Expenditure	10,000	-	10,000	2,130	7,870	21.3%
Surplus For the Period	3,518,000		3,518,000	3,332,128	185,872	94.7%
Capital expenditure						

18. Notes to the Financial Statements

1. General Information

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund entity is established by and derives its authority and accountability from the Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016. The entity is wholly owned by the Turkana County Government and is domiciled in Kenya. The entity's principal activity is to provide a loan scheme for the purchase of Motor vehicles and purchase, development, renovation or repair of residential property by Turkana County Executive State and Public officers.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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

*Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023*

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

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

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Standard	Effective date and impact:
for Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023 was approved by the County Assembly on 15th June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. At the moment, no reserve has been made.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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6. Notes To The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	3,308,258	3,011,841
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	3,308,258	3,011,841

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Income from application fees	26,000	28,000
Total Other Income	26,000	28,000

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	3,635,600
Committee Allowances	-	-
Bank Charges	2,130	3,642
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

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Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	2,130	3,639,242

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain		

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Car Loan Account		
County Mortgage Account	21,654,825	2,871,649
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	21,654,825	2,871,649

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1210678829	21,654,825	2,871,649
Bank B		-	-
Sub- Total		21,654,825	2,871,649
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		21,654,825	2,871,649

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	18,047,341	17,985,588
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	122,611,261	88,124,062
Total Non- Current Receivables	122,611,261	88,124,062
Total Receivables From Exchange Transactions	140,658,602	106,109,650

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank		
Bank		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity		
Sub- total		
Grand total		

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
At the end of the year		

e) Shareholding in other entities

Name of Entity where investment held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs

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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	139,344		139,344	
Total Trade and Other Payables	139,344		139,344	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year		%	139,344	100%
1-2 years	139,344	100%		%
2-3 years		%		%
Over 3 years		%		%
Total	139,344		139,344	

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings	-	-
Dollar Denominated Loan	-	-
Sterling Pound Denominated Loan	-	-
Euro Denominated Loan	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	3,332,128	(599,401)
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Other income	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	3,332,128	(599,401)

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	50,000,000	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	45,445,263	45,445,263
Total	45,445,263	45,445,263

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Other Disclosures Continued

e) Due to related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	140,658,602	140,658,602	-	-
Receivables From Non-Exchange Transactions	45,445,263	45,445,263	-	-
Bank Balances	21,654,825	21,654,825	-	-
Total	207,758,690	207,758,690	-	-
At 30 June 2021				
Receivables From Exchange Transactions	106,109,650	106,109,650	-	-
Receivables From Non-Exchange Transactions	45,445,263	45,445,263	-	-
Bank Balances	2,871,649	2,871,649	-	-
Total	154,426,562	154,426,562	-	-

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Notes To The Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022-2023				
Trade Payables			139,344	139,344
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				139,344
At 30 June 2021-2022				
Trade Payables	139,344			139,344
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				139,344

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2022-2023	-	-	-
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
2022-2023			
Euro	10%		
USD	10%		
2021-2022			
Euro	10%		
USD	10%		

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve		
Revolving fund	200,822,217	150,822,217
Accumulated surplus	6,797,129	3,465,001
Total funds	207,619,346	154,287,218
Total borrowings		
Less: cash and bank balances	21,654,825	2,871,649
Net debt/(excess cash and cash equivalents)	185,964,521	151,415,569
Gearing	90%	98%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund is established by and derives its authority and accountability from the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

31. Currency

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

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19. 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	Timeframe
Other Matter				
1.	Underfunding of Kshs.2,960,159 and under-expenditure of Kshs.870,758	This was due to delay in release of funds by the Executive	Not resolved	30 June, 2024
2.	Unresolved Prior Year Audit Matters	The issues await determination by oversight bodies to allow implementation	Not resolved	Awaiting recommendations from oversight bodies for implementation
Report on lawfulness and effectiveness in use of public Resources				
1.	Failure to prepare an operational plan.	The Fund's budget is included in the Appropriations Act. We will ensure that an operational plan is developed at the beginning of each year henceforth.	Ongoing	February 2024
2.	Irregular internal borrowing by the County Executive	Management are in discussion with the County Executive to ensure that the amounts are provided in the supplementary estimates.	Ongoing	30 June, 2024
3.	Unsecured mortgage loans	Management is working on this matter	Not resolved	30 June, 2024
4.	Non-remittance of fringe benefit tax	Management agrees with the audit finding and will implement.	Ongoing	30 June, 2024
5.	Non-implementation of oversight bodies	The reports were submitted to the County Assembly and Senate. However, no report has	Ongoing	Dependent on recommendations from oversight reports.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	recommendations	been issued by both oversight bodies for implementation.		

Fund Administrator

Date.....14.12.2023.....

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Annex II: Inter-Fund Confirmation Letter

**Turkana County Executive State and Public Officers Car Loan and Mortgage Fund
P.O. Box 11-30500
Lodwar, KENYA**

The Turkana County Executive wishes to confirm the amounts disbursed to you as at 30 June 2023 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 [Turkana County Executive State and Public Officers Car Loan & Mortgage Fund] as at 30 th June 2023								
Reference Number	Date Disbursed	Amounts Disbursed by Turkana County Exexutive (Kshs) as at 30 th June 2023				Total (D)=(A+B+C)	Amount Received by Turkana County Executive State and Public Officers Car Loan and Mortgage Fund (KShs) as at 30 th June 2023 (E)	Differences(KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
FT22362XGFVG	28.12.2022	50,000,000				50,000,000		
Total								

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

Head of Accountants department of beneficiary Fund:

Name Benon Ewoton Sign [Signature] Date 14-12-2023

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Annex IV: Reporting on Disaster Management Expenditure

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