

Scanned

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



Enhancing Accountability

REPORT

OF

PAPERS LAID	
DATE	05/10/2022
TABLED BY	Senate Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Angela Macharia

THE AUDITOR-GENERAL

ON

SAMBURU COUNTY ASSEMBLY STAFF MORTGAGE SCHEME FUND

FOR THE YEAR ENDED 30 JUNE, 2019



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

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Samburu County Assembly mortgage fund is a revolving fund established pursuant to the salaries and remuneration commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

The Fund is wholly owned by the Samburu County Assembly and is domiciled in Kenya.

The SRC in its circular reference SRC/ADM/CIR/1/13Vol III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage by state and public officers.

The fund's objective is to provide mortgage and car loan facilities to Honourable Members of the County Assembly and its administrative workforce.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide car loan and mortgage to MCAs and staff

c) Mortgage Fund Administration Committee

Ref	Name	Position
1	Hon. Adamson Lanyasunya	Chairperson
2	Mr. Jackson Lenaituriae	Vice Chairperson
3	Mr. Patrick Leshore	Fund Administrator
4	Mr. Nelson Lesorogol	Member
5	Mrs. Sein Leshornai	Member

c) Registered Offices

Samburu County Assembly
P.O. Box 3-20600
Samburu County Assembly Building
Maralal-Baragoi Road
Maralal, KENYA

d) Fund Contacts

Telephone: (254) 714 379 487, (254) 721 818 492
E-mail: info@samburuassembly.go.ke
Website: www.samburuassembly.go.ke

e) Fund Bankers

1. KCB Bank Kenya Limited
P.O. Box 260
Maralal 20600
Maralal, Kenya

f) Independent Auditors

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

g) Principal Legal Adviser

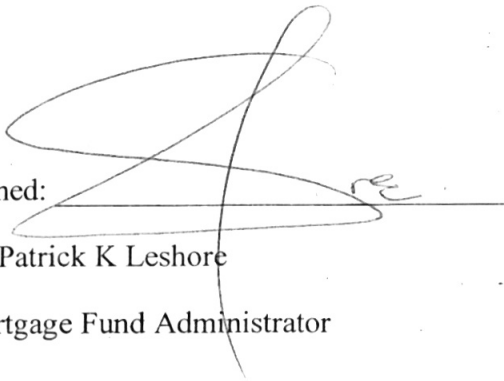
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. REPORT OF THE FUND ADMINISTRATOR

The financial statements for County Assembly Car Loan & Mortgage Fund for the FY 2018/19 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Pursuant to PFM act 2012 section 116 (1) the County Executive member for Finance and Planning established the SAMBURU County Assembly Mortgage and Car loan Scheme to cater for members of the county assembly. The County Executive member then formulated the regulations that were approved by the County Assembly on April 2014. These regulations set the modalities for the establishment and management of a fund for the two facilities (Car and Mortgage scheme). This is after the salaries and remuneration commission had approved car and mortgage loans for members of the county assemblies via circular SRC/TS/CGOVT/3/16 of Kenya shillings two million (Kshs 2,000,000) and Kenya shillings three millions (Kshs 3,000,000) respectively.

Signed:



Mr Patrick K Leshore

Mortgage Fund Administrator

3. REPORT OF THE BOARD

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is foreseeing the fair disbursement of mortgage facilities to Honourable members and administrative staff.

Results

The results of the Fund for the year ended June 30, 2019 are set out in the financial statement attached.

Auditors

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

By Order of the Board

Hon. Adamson Lanyasunya

Chairperson

Date: _____

4. 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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

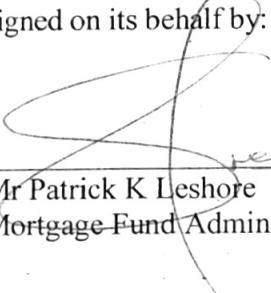
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*quote the applicable legislation establishing the County Public Fund*). 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, 2018, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30/06/ 2019 and signed on its behalf by:

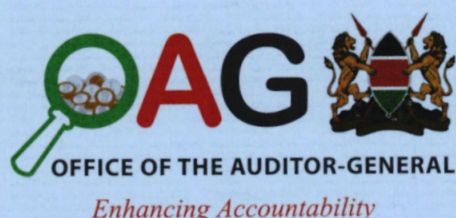


Mr Patrick K Leshore
Mortgage Fund Administrator

5. REPORT OF THE INDEPENDENT AUDITOR

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY ASSEMBLY STAFF MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Samburu County Assembly Staff Mortgage Scheme Fund set out on pages 8 to 41, which comprise the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in equity, statement of cash flows and the 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

Basis for Disclaimer of Opinion

1. Errors in the Annual Reports and Financial Statements

The annual reports and the financial statements prepared and presented for audit had the following errors: -

- 1.1. The cover page has the wording "revised template June, 2018" on the face;
- 1.2. The table of contents is inaccurately cross referenced to the page numbers in the financial statement and annexures;
- 1.3. The header to the financial statements reads "Samburu County Assembly Mortgage Fund" instead of Samburu County Assembly Staff Mortgage Scheme Fund as stipulated under Section 1 of the Fund Regulations, 2016;
- 1.4. Key entity information and management does not have management information and academic details;
- 1.5. Information on the Fund bankers excludes the bank account number;

- 1.6. Report of the Fund Administrator at page 5, excludes actual disbursements from the Revolving Fund account during the year and loans to the members of staff;
- 1.7. The reports of the fund administrator; the board and statement of management's responsibilities are undated;
- 1.8. The legislative Act establishing the Fund is omitted from the statement of management's responsibilities which also indicates the financial year as ended 30 June, 2018 instead of 30 June, 2019 while the County public fund is not specified under paragraphs 2 and 3 and the report is undated;
- 1.9. Pages 8 to 14 of the financial statements do not have sign offs and dates thereof of the fund administrator and accountant;
- 1.10. The level of budgetary utilization at page 14 is not given in percentages while the budget figures reflected in the statements are the actual expenditures which are not supported by approved budgets;
- 1.11. The Statement on adoption of new standards at page 14 on IPSAS 39 and 40 indicates the effective date as 30 June, 2018 instead of 30 June, 2019;
- 1.12. The carrying amount on financial assets and capital structure at page 28 do not have corresponding disclosures;
- 1.13. The annual reports do not have details of the board members; management team; board chairperson's report; corporate governance statement; management discussion and analysis; and
- 1.14. Blank page for the insertion of the Independent report of the auditor has not been provided.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012. Consequently, the annual reports and the financial statements as prepared and presented are not IPSAS compliant.

2. Inaccuracies in the Financial Statements

The financial statements prepared and presented had the following inconsistencies: -

- 2.1. The statement of cashflow reflects nil interest income while the statement of financial performance and the statement of comparison of budget and actual amounts reflects an amount of Kshs.7,817,520 resulting to unreconciled variance of Kshs.7,817,520;
- 2.2. The statement of cashflow reflects loan disbursements amount of Kshs.70,862,000 during the year which differs with the statement of comparison of budget and actual nil amounts balance resulting to unreconciled variance of Kshs.70,862,000; and

2.3. The statement of financial position reflects total assets balance of Kshs.324,926,402 while the total reserves and liabilities balance amount to Kshs.324,956,255 resulting to an unreconciled variance of Kshs.29,853.

Consequently, the accuracy and completeness of the financial statements as prepared and presented could not be confirmed.

3. Accuracy of Comparative Figures

The comparative figures in the financial statements differed from the audited figures as detailed below: -

Component	Note	FS Comparative Figures (Kshs.)	Audited Figures (Kshs.)	Variance (Kshs)
Interest Income	4	7,911,700.00	-	7,911,700.00
General Expenses	8	1,862.00	1,978.00	-116
Current Portion of Long-Term Receivables from Exchange Transactions	12	83,987,913.12	-	83,987,913.12
Long Term Receivables from Exchange Transactions	12	230,614,431.20	337,618,761.51	-107,004,330.31
Accumulated Surplus		7,909,837.50	30,929,001.71	-23,019,164.21
Transfers from the County Government	2	139,232,540.00	135,000,000.00	4,232,540.00
Proceeds from loan Principal Repayments		39,148,372.34	43,421,027.50	-4,272,655.16
Loan Disbursements Paid Out		175,955,716.00	175,995,716.00	-40,000.00
Total Receivables from Exchange Transactions	12	314,602,345.03	337,618,761.51	-23,016,416.48

Consequently, the accuracy and completeness of comparative figures in the financial statements for the year ended 30 June, 2019 could not be confirmed.

4. Interest Income

The statement of financial performance reflects interest income amount of Kshs.7,817,520; (2018-Kshs.7,911,700) and as disclosed under Note 4 to the financial statements. However, the amount is unsupported by way of; detailed interest schedules, and individual account statements indicating the interest accrued. This is contrary to Section 99(3) of the Public Finance Management (County Governments) Regulations 2015, that requires every entry in the accounts to be supported.

Consequently, the accuracy and completeness of the reported interest income of Kshs.7,817,520 for the year ended 30 June, 2019 could not be confirmed.

5. Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.70,841,300;(2018-Kshs.83,987,913) and as disclosed under Note 12 to the financial statements. However, the balance is unsupported

by way of detailed schedule of principal amount, interest, repayments and the outstanding balance.

Consequently, the accuracy and fair statement of the current portion of long-term receivables balance of Kshs.70,841,300 as at 30 June, 2019 could not be confirmed.

6. Long-Term Receivables from Exchange Transactions

The statement of financial position also reflects long-term receivables from exchange transactions of Kshs.253,916,223;(2018-Kshs.230,614,432) and as disclosed under Note 12 to the financial statements. However, the balance is unsupported by way of detailed schedule of principal amount, interest, repayments and the outstanding balance. This is contrary to Section 99(3) of the Public Finance Management (County Governments) Regulations, 2015, that requires every entry in the accounts to be supported.

Also, and as reported previously, the outstanding loan balances includes an amount of Kshs.15,245,516 owed by seventeen (17) former members of the County Assembly who exited in August 2017. Although the recoverability of these loans is doubtful, no provision for likely impairment have been made in the financial statements to provision. Further, there is no evidence of steps being under taken by the Management to recover these outstanding loans as per Mortgage regulations.

Consequently, the accuracy and fair statement of the long-term receivables from exchange transactions of Kshs.253,916,223 as at 30 June, 2019 could not be confirmed.

7. Trade and Other Payables from Transactions

The statement of financial position also reflects trade and other payables from transactions balance of Kshs.4,232,540;(2018-Kshs.4,232,540) and as disclosed under Note 17 to the financial statements. However, the balance is unsupported by way of creditors' ledger and supplier statements. This is contrary to Section 99(3) of the Public Finance Management (County Governments) Regulations, 2015 which requires every entry in the accounts to be supported.

Consequently, the accuracy and fair statement of trade and other payables from transactions balance of Kshs.4,232,540 as at 30 June, 2019 could not be confirmed.

8. Revolving Fund

The statement of financial position also reflects revolving fund balance of Kshs.305,000,000;(2018-Kshs.305,000,000) that are no adequately supported contrary to Section 99(3) of the Public Finance Management (County Government) Regulations 2015, that requires every entry in the accounts to be supported.

Consequently, the accuracy and fair statement of the revolving fund balance of Kshs.305,000,000 as at 30 June, 2019 could not be confirmed.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Non-Adherence to Mortgage Fund Regulations

Review of loans records revealed instances of non-compliance with the mortgage fund regulations as detailed out below: -

- (i) Evidence of charge on properties financed through the Fund were not provided for audit review, contrary to Regulation 15(1) which requires the Board to have a charge registered on the property financed through a loan granted and have its name entered on all documents of the title for such property;
- (ii) Evidence of the loan's approvals by the mortgage loans management committee pursuant to Regulation 6 of the mortgage Fund, was not provided for audit review; and
- (iii) Contrary to the provisions of Regulation 16(1) which stipulates that a borrower shall take out and maintain a mortgage protection policy and fire policy with an insurance firm approved by the board and the cost of which shall be paid out of the fund and debited in borrowers account, this is not in place.

To the extent, the Fund is in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND OVERALL GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Conclusion of Internal Controls, Risk Management and Governance sections of my

report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the Samburu County Assembly Staff Mortgage Scheme Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the Fund's 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.

I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Samburu County Assembly Staff Mortgage Scheme Fund in accordance with ISSAI 130 on 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

6. FINANCIAL STATEMENTS

6.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019


	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	0.00	0.00
Transfers from the County Government	2	0.00	0.00
Fines, penalties and other levies	3	0.00	0.00
		0.00	0.00
Revenue from exchange transactions			
Interest income	4	7,817,520.43	7,911,700.00
Other income	5	0.00	0.00
		0.00	0.00
Total revenue		7,817,520.43	7,911,700.00
Expenses			
Fund administration expenses	6	0.00	0.00
Staff Costs	7	0.00	0.00
General expenses – Bank charges	8	3,642.50	1,862.50
Finance costs	9	0.00	0.00
Total expenses		3,642.50	1,862.50
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		7,813,877.93	7,909,837.50

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

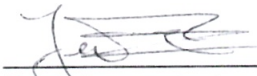
6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	No te	FY2018/2019 KShs	FY2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	11	168,878.84	2,541,895.34
Current portion of long term receivables from exchange transactions	12	70,841,300.35	83,987,913.12
Prepayments	13	0.00	0.00
Inventories	14	0.00	0.00
		0.00	0.00
Non-current assets			
Property, plant and equipment	15	0.00	0.00
Intangible assets	16	0.00	0.00
Long term receivables from exchange transactions	12	253,916,223.28	230,614,431.92
		0.00	0.00
Total assets		324,926,402.47	317,144,240.37
Liabilities			
Current liabilities			
Trade and other payables from transactions	17	4,232,540.00	4,232,540.00
Provisions	18	0.00	0.00
Current portion of borrowings	19	0.00	0.00
Employee benefit obligations	20	0.00	0.00
		0.00	0.00
Non-current liabilities			
Non-current employee benefit obligation	20	0.00	0.00
Long term portion of borrowings	19	0.00	0.00
Total liabilities		4,232,540.00	4,232,540.00
Net assets		0.00	0.00
Revolving Fund		305,000,000.00	305,000,000.00
Reserves		0.00	0.00
Accumulated surplus		15,693,862.77	7,909,837.50
Total net assets and liabilities		324,926,402.47	317,142,377.50

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 30/06/ 2019 and signed by:



Administrator of the Fund
Name: Patrick K Leshore



Fund Accountant
Name: Faisal Abalinoor

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

6.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	170,000,000.00	-	(61,568.19)	169,938,431.81
Surplus/(deficit) for the period	-	-	7,941,553.03	7,941,553.03
Funds received during the year	135,000,000.00	-	-	135,000,000.00
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	305,000,000.00	-	7,879,984.84	312,879,984.84
Balance as at 1 July 2018	305,000,000.00	-	7,879,984.84	312,879,984.84
Surplus/(deficit) for the period	-	-	7,813,877.93	7,813,877.93
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 JUNE 2019	305,000,000.00	-	15,693,862.77	320,693,862.77

**Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

6.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	No te	FY2018/2019 KShs	FY2017/2018 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0.00	0.00
Transfers from the County Government		0.00	139,232,540.00
Interest received		0.00	0.00
Receipts from other operating activities		0.00	0.00
Total Receipts		0.00	139,232,540.00
Payments			
Fund administration expenses		0.00	0.00
General expenses		3,642.50	1,862.50
Finance cost		0.00	0.00
Total Payments		3,642.50	1,862.50
Net cash flows from operating activities	21	(3,642.50)	139,230,677.50
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(0.00)	(0.00)
Proceeds from sale of property, plant and equipment		0.00	0.00
Proceeds from loan principal repayments		68,492,626.00	39,148,372.34
Loan disbursements paid out		(70,862,000.00)	(175,955,716.00)
Net cash flows used in investing activities		(2,369,374.00)	(136,807,343.66)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0.00	0.00
Additional borrowings		0.00	0.00
Repayment of borrowings		(0.00)	(0.00)
Net cash flows used in financing activities		(0.00)	(0.00)
Net increase/(decrease) in cash and cash		(2,373,016.50)	2,423,333.84

equivalents			
Cash and cash equivalents at 1 JULY	11	2,541,895.34	118,561.50
Cash and cash equivalents at 30 JUNE	11	168,878.84	2,541,895.34

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

6.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	0.00	(0.00)	0.00	0.00	(0.00)	
Transfers from County Govt.						
Interest income	7,817,520.43	-	7,817,520.43	7,817,520.43	0.00	1
Other income	0.00	-	0.00	0.00	0.00	
Total income	7,817,520.43	-	7,817,520.43	7,817,520.43	0.00	1
Expenses						
Fund administration expenses	0.00	-	0.00	0.00	(0.00)	
Staff costs	0.00	-	0.00	0.00	0.00	
General expenses	0.00	(0.00)	0.00	3,642.50	(3,642.50)	
Finance cost	0.00	(0.00)	0.00	0.00	(0.00)	
Total expenditure	0.00	(0.00)	0.00	3,642.50	3,642.50	
Surplus for the period	7,817,520.43	-	7,817,520.43	7,813,877.93	3,642.50	0.999534059

6.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 JUNE 2019

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 JUNE 2019

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on 30 June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of zero on the 2018-2019 budget following the governing body's approval.

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

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 6.2 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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 labor 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.

9. 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

10. Nature and purpose of reserves

The Entity does not create and maintains reserves in terms of specific requirements.

11. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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.

13. 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 KCB Bank of Kenya.

14. Comparative figures

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

15. Events after the reporting period

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

16. Ultimate and Holding Entity

The entity is a County Public Fund established by 0.00 Act (*state the legislation establishing the Fund*) under the Ministry of 0.00. Its ultimate parent is the County Government of Samburu.

17. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

19. 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 company'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:

	Total amount KShs	Fully performing KShs	Past due KSh s	Impaired KShs
At 30 JUNE 2019				
Receivables from exchange transactions	324,757,523.63	324,757,523.63	0.00	0.00
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	168,878.84	0.00	0.00	0.00
Total	324,926,402.47	324,757,523.63	0.00	0.00
At 30 June 2018				
Receivables from exchange	314,602,345.03	314,602,345.03	0.00	0.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

transactions				
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	2,541,895.34	0.00	0.00	0.00
Total	317,144,240.37	314,602,345.03	0.00	0.00

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 company 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 JUNE 2019				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2018				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

		Other currencies	Total
	KShs	KShs	KShs
At 30 JUNE 2019			
Financial assets (investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2018			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2017			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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 company's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0.00 (2018: KShs 0.00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0.00 (2019 – KShs 0.00)

**Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

	2019		2018
	KShs		KShs
Revaluation reserve	0.00		0.00
Revolving fund	0.00		0.00
Accumulated surplus	0.00		0.00
Total funds	0.00		0.00
Total borrowings	0.00		0.00
Less: cash and bank balances	(0.00)		(0.00)
Net debt/(excess cash and cash equivalents)	0.00		0.00
Gearing	xx%		xx%

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

6.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Donation from development partners	0.00	0.00
Contributions from the public	0.00	0.00
Total	0.00	0.00

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – operations	0.00	139,232,540.00
Payments by County on behalf of the entity	0.00	0.00
Total	0.00	139,232,540.00

3. Fines, penalties and other levies

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Late payment penalties	0.00	0.00
Fines	0.00	0.00
Total	0.00	0.00

4. Interest income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans	7,817,520.43	7,911,700.00
Total interest income	7,817,520.43	7,911,700.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

5. Other income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Insurance recoveries	0.00	0.00
Income from sale of tender documents	0.00	0.00
Miscellaneous income		
Total other income	0.00	0.00

6. Fund administration expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Loan processing costs	0.00	0.00
Professional services costs	0.00	0.00
Total	0.00	0.00

7. Staff costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Salaries and wages	0.00	0.00
Staff gratuity	0.00	0.00
Staff training expenses	0.00	0.00
Social security contribution	0.00	0.00
Other staff costs	0.00	0.00
Total	0.00	0.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables	0.00	0.00
Electricity and water expenses	0.00	0.00
Fuel and oil costs	0.00	0.00
Insurance costs	0.00	0.00
Postage	0.00	0.00
Printing and stationery	0.00	0.00
Rental costs	0.00	0.00
Security costs	0.00	0.00
Telecommunication	0.00	0.00
Hospitality	0.00	0.00
Depreciation and amortization costs	0.00	0.00
Other expenses	3,642.50	1,862.50
Total	3,642.50	1,862.50

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest on Bank overdrafts	0.00	0.00
Interest on loans from banks	0.00	0.00
Total	0.00	0.00

10. Gain on disposal of assets

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Total	0.00	0.00

11. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	0.00	0.00
On – call deposits	0.00	0.00
Current account	168,878.84	2,541,895.34
Others	-	-
Total cash and cash equivalents	168,878.84	2,541,895.34

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY2018/2019	FY2017/2018
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		0.00	0.00
Equity Bank, etc		0.00	0.00
Sub- total		0.00	0.00
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Equity Bank - etc		0.00	0.00
Sub- total		0.00	0.00
c) Current account			
Kenya Commercial bank	1151162191	168,878.84	2,541,895.34
Bank B		0.00	0.00
Sub- total		168,878.84	2,541,895.34
d) Others(specify)			
Cash in transit		0.00	0.00
Cash in hand		0.00	0.00
M Pesa		0.00	0.00
Sub- total		0.00	0.00
Grand total		168,878.84	2,541,895.34

12. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	8,612,409.05	-
Current loan repayments due	45,887,402.20	42,699,865.63
Other exchange debtors	16,341,489.11	41,288,047.49
Less: impairment allowance	-	-
Total Current receivables	70,841,300.35	83,987,913.12
Non Current receivables		
Long term loan repayments due	253,916,223.28	230,614,431.92
Total Non current receivables	253,916,223.28	230,614,431.92

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

Total receivables from exchange transactions	324,757,523.63	314,602,345.03
---	-----------------------	-----------------------

**Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2018/2019	FY2017/2018
	KShs	KShs
	0.00	0.00
Prepaid rent	0.00	0.00
Prepaid insurance	(0.00)	(0.00)
Prepaid electricity costs	0.00	0.00
Total		

14. Inventories

Description	FY2018/2019	FY2017/2018
	KShs	KShs
	0.00	0.00
Consumable stores	0.00	0.00
Spare parts and meters	0.00	0.00
Catering		
Total inventories at the lower of cost and net realizable value	0.00	0.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	KShs	KShs	KShs	KShs	KShs
At 1st July 2017	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00
Disposals	(0.00)	(0.00)	-	-	(0.00)
Transfers/adjustments	0.00	(0.00)	0.00	-	0.00
At 30th June 2018	0.00	0.00	0.00	0.00	0.00
At 1st July 2018	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	(0.00)	(0.00)
Disposals	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	(0.00)	-	0.00	-	0.00
At 30th June 2019	(0.00)	0.00	0.00	-	(0.00)
Depreciation and impairment	0.00	0.00	0.00	0.00	0.00
At 1st July 2017	0.00	0.00	0.00	0.00	0.00
Depreciation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Impairment	(0.00)	(0.00)	(0.00)	0.00	(0.00)
At 30th June 2018	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
At 1st July 2018	(0.00)	-	(0.00)	(0.00)	(0.00)
Depreciation	0.00	0.00	-	(0.00)	(0.00)
Disposals	(0.00)	(0.00)	0.00	-	(0.00)
Impairment	0.00	(0.00)	(0.00)	0.00	0.00
Transfer/adjustment	(0.00)	-	(0.00)	-	(0.00)
At 30th June 2019	0.00	(0.00)	(0.00)	-	0.00
Net book values	0.00	0.00	0.00	0.00	0.00
At 30th June 2018	0.00	0.00	0.00	0.00	0.00
At 30th June 2019	0.00	0.00	0.00	0.00	0.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2018/2019		FY2017/2018	
	KShs		KShs	
Cost				0.00
At beginning of the year		0.00		0.00
Additions		0.00		0.00
At end of the year		0.00		0.00
Amortization and impairment				0.00
At beginning of the year		0.00		0.00
Amortization		0.00		0.00
At end of the year		0.00		0.00
Impairment loss		0.00		0.00
At end of the year		0.00		0.00
NBV				0.00

17. Trade and other payables from exchange transactions

Description	FY2018/2019		FY2017/2018	
	KShs		KShs	
Trade payables		0.00		0.00
Refundable deposits		4,232,540.00		4,232,540.00
Accrued expenses		0.00		0.00
Other payables		0.00		0.00
Total trade and other payables		4,232,540.00		4,232,540.00

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	(0.00)	(0.00)	(0.00)	(0.00)
Change due to discount and time value for money	(0.00)	(0.00)	(0.00)	(0.00)
Transfers from non-current provisions	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period		0.00
External borrowings during the year	0.00	0.00
Domestic borrowings during the year	0.00	0.00
Repayments of external borrowings during the period	(0.00)	(0.00)
Repayments of domestics borrowings during the period	(0.00)	(0.00)
Balance at end of the period	0.00	0.00

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from '0.00 organisation'	0.00	0.00
Sterling Pound denominated loan from 'yyy organisation'	0.00	0.00
Euro denominated loan from zzz organisation'	0.00	0.00
Domestic Borrowings		
Kenya Shilling loan from KCB	0.00	0.00
Kenya Shilling loan from Barclays Bank	0.00	0.00
Kenya Shilling loan from Consolidated Bank	0.00	0.00
Borrowings from other government institutions	0.00	0.00
Total balance at end of the year	0.00	0.00

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	0.00	0.00
Long term borrowings	0.00	0.00
Total	0.00	0.00

**Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00
Non-current benefit obligation	0.00	0.00	0.00	0.00
Total employee benefits obligation	0.00	0.00	0.00	0.00

21. Cash generated from operations

	FY2018/2019	FY2017/2018
	KShs	KShs
Surplus for the year before tax		0.00
Adjusted for:		
Depreciation	0.00	(0.00)
Gains/ losses on disposal of assets	(0.00)	7,911,700.00
Interest income	7,817,520.43	0.00
Finance cost	0.00	(0.00)
Working Capital adjustments		
Increase in inventory	(0.00)	(0.00)
Increase in receivables	(0.00)	0.00
Increase in payables	0.00	
Net cash flow from operating activities	7,817,520.43	7,911,700.00

22. Related party balances

a) Nature of related party relationships

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

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

Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties'	0.00	0.00
Transfers to related parties	0.00	0.00

c) Key management remuneration

	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	0.00	0.00
Key Management Compensation	0.00	0.00
Total	0.00	0.00

d) Due from related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due from parent Ministry	0.00	0.00
Due from County Government	0.00	0.00
Total	0.00	0.00

e) Due to related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due to parent Ministry	0.00	0.00
Due to County Government	0.00	0.00
Due to Key management personnel	0.00	0.00
Total	0.00	0.00

23. Contingent assets and contingent liabilities

Contingent liabilities		
	FY2018/2019	FY2017/2018
	KShs	KShs
Court case against the Fund	0.00	0.00
Bank guarantees	0.00	0.00
Total	0.00	0.00

(Give details)

**Samburu County Assembly Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.