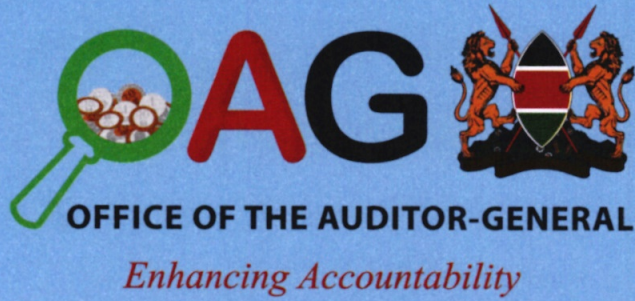


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

**MARSABIT COUNTY ASSEMBLY STAFF CAR
LOAN AND MORTGAGE SCHEME FUND**

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

PAPERS LAID	
DATE	17/04/2024
TABLED BY	Majority leader
COMMITTEE	←
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MARSABIT COUNTY ASSEMBLY STAFF CAR LOAN AND MORTGAGE SCHEME 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)

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



**Marsabit County Assembly Staff Car Loan and Mortgage Scheme 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

2. Key Entity Information and Management

a) Background information

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from section 116 of the Public Finance Management Act No 18 of 2012 (The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019) on 13th January 2019. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya. The objective of the fund is: to provide a loan scheme for the purchase of vehicles by members of the scheme, and to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

b) Principal Activities

The principal activity of the Fund is to lend to Staff of the County Assembly of Marsabit loans i.e. Mortgage and Car loan. This function includes receiving of applications, appraisal of applications, committee decision, disbursement of loans, recoveries of advanced monies, monitoring and evaluation of fund performance, enforce compliance, undertake loan clearance when due, and prepare reports as required.

c) Vision

To be an excellent fund that prospers its members and spurs growth within its membership.

d) Mission

To provide our members with superior ownership experience through innovative, affordable, and competitive loan products that fulfils the dream of home and car ownership.

Core Objectives

The objectives of the Scheme is to provide loan scheme for staff of County Assembly for purchase of an existing residential property; purchase of land and construction, Renovation and improvement of an existing residential property, takeover of loans on existing mortgages or equity release and purchase of motor vehicle.

e) Fund Administration Committee

Ref	Name	Position
1	Mr.Elijah Chiwe	Chairperson
2	Mr.Chare Mato	Vice Chairperson
3	Mr. Salim Kato	Fund Administrator
4	Mr. Paul Chamo Aila	Fund Accountant
5	Mr. Francis Hargura	Member
6	Mrs.Qabale Hussein	Member
7	Mr. John Parkeri	Member

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

f) Key Management team

Ref	Name	Position
1	Chare Mato	Clerk/Secretary (CASB)
2	Jarso Roba	Fund Administrator
3	Adan Katelo	Head of Procurement Department
4	Fredrick Injela	Fund Accountant
5	Bokayo Guyo	Senior Legal Officer

Key Entity and Management (Continued)

g) Fiduciary Oversight Arrangements

SN	Position	Name
1	Senior Internal Auditor	Hawa Omar
2	Members car Mortgage and car Loan Advisory Committee	Hon. Leakono Bata
		Hon. Halkano Konso
		Hon. Buke Diba
		Hon. Siba Haila
		Hon. Daniel Burcha
		Hon. Daud Tamasot
		Hon. Jacob Elisha
		Hon. Lucy Kargiya
		Hon. Ebise Waqo

h) Registered Offices

P.O. Box 29-60500
Marsabit County Assembly Headquarters Building
Marsabit, KENYA.

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

i) Fund Contacts

E-mail: info@countyassemblyofmarsabit.co.ke

Website: www.assembly.marsabit.go.ke

j) Fund Bankers

Co-operative Bank of Kenya
Marsabit Branch.

Key Entity and Management (Continued)

k) Independent Auditors




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

l) Principal Legal Adviser





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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme 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. Mr. Elijah Chiwe</p> 	<p>Chairperson of Marsabit Staff Car Loan and Mortgage Committee. He is a member of the County Assembly Service Board. He has a lot of experience working in various organisations at a senior management level.</p>
<p>2. Mr. Chare Mato</p> 	<p>Vice Chairperson of the Marsabit Staff Car Loan and Mortgage Committee. He also serves as Clerk of the County Assembly and a Secretary to the County Assembly Service Board. Being the Chief Executive Officer, all matters of responsibility and accountability of the fund rests with his office.</p> <p>Works in liaison with the Staff Mortgage and Car loan Committee to ensure effective management of scheme loans.</p> <p>Holds a Master Degree in Finance and a certified Accountant (CPA-K¹). Has served in this capacity since the year 2022 but nineteen years in the Accounting career.</p>
<p>3. Mr. Salim Kato</p> 	<p>Fund administrator of the staff car loan and mortgage. He is a career teacher. He boasts of Twenty years of experience and doubles up as the Deputy Clerk of the County Assembly.</p>

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>4.Mr. Paul Chamo</p> 	<p>Fund Accountant of the staff car loan and mortgage. He is a professional Accountant with over nine years of experience in various sectors of the economy. He also doubles up as the Chief Accountant of the County Assembly. He is a holder of Bachelor of Commerce degree BCOM (Accounting Option) and is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
<p>5.Mr. Francis Hargura</p> 	<p>Member of the Staff Car Loan and Mortgage Committee and has 8 years of experience in public sector. He holds a degree in Bachelor of Commerce (Finance Option) and also CPA part II. He also doubles up as the Senior Accountant for the County Assembly of Marsabit.</p>
<p>6.Mrs.Qabale Hussein</p> 	<p>Member of Staff Mortgage and Car Loan Committee from the onset of Third County Assembly. She is a Committee Clerk for Administration committee of the County Assembly of Marsabit</p>
<p>7.Mr. John Parkeri</p> 	<p>Member of Staff Mortgage and Car Loan Committee from the onset of Third County Assembly. He is a Human Resource practitioner. He also doubles up as the Chief Human Resources Officer for the County Assembly of Marsabit</p>

4. Fund Chairperson's Report

Matters of M&CL scheme are appropriated by the designated committee alone. In this regard, the M&CL committee have held sittings 12 during the year under review to discuss and approve mortgage loans and assess various loan recoveries among other agendas. The scheme regulations approved by the County Assembly has provided elaborate ways of establishing a committee with defined membership consisting of the Chairperson-One of the two resident members of the Board, Vice-Chairperson (Clerk of the Assembly), Human Resources Manager, Two members of staff and Fund Administrator.

The fundamental role of the committee is to manage loans with respect to approvals. This mandate range from receiving applications, appraisal of applications and ultimate consideration of applications based on its merits.

The sitting is regulated by a quorum and usually payment is dictated by attendance of the members. At a point where a conflict of interest is suspected, for instance, where a committee member's application is being discussed, the committee by practice asks the member to excuse himself/herself from the meeting as the matter is discharged without any reference to the applicant.

The committee activities in terms of fund expenditure by way of loan disbursements, training facilitation or sitting allowances are all subject to government taxes and audit. The records of loans and bank statements are subjected to audit every end of financial year. This undertaking is primarily embraced not only because it is a statutory requirement but also to ensure financial accountability of the committee and sustainability of the fund.

E.C

.....
Name: Elijah Chiwe

Chairperson

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Report of The Fund Administrator

Following the turn of the financial year, I am privileged to forward the Annual Report of the Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund. The report is prepared pursuant to corporate philosophy and operational principle which confers the Committee the responsibility to prepare and present for accountability, a report of its operations for the year ended 30th June, 2023. The report covers the main activities of the Committee including loan disbursement and recoveries.

I am delighted to inform you that the Committee has managed the scheme loans in an effective manner and ensured timely recoveries of the advanced loans. During the year;

- i. A total of Kenya Shillings 33,600,000.00 was disbursed which included KES 2,200,000.00 for car loan and the rest in favour of Mortgage Loans,
- ii. Fifteen members of staff have benefited from Mortgage and Car loan scheme.

The Marsabit County Assembly Staff Car loan and Mortgage Scheme is a great blessing to the Staff of County Assembly as it provided ready access to twin benefits: mortgage and car loan. During the year under review, Fifteen (15) employees benefitted from the fund. A total of KES 33,600,000.00 was disbursed to various employees.

The fund is generally performing well given the timely recoveries of loans through the IPPD² system. The system in itself safeguards the loan by way of priority deduction hence unlikely chance of default arising from affordability problems associated with salaries.

The Marsabit County Assembly Staff Car loan and Mortgage Scheme has secured at an initial amount of Kenya Shillings forty million.

During the year under review, the fund earned interest income of **KES 187,425**



Name: Salim Kato

Fund Administrator

4th August 2023

6. 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 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 objective of the fund is:

- (i) To provide a loan scheme for the purchase of vehicles by staff of the scheme; and
- (ii) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme. In so doing, the fund intends to facilitate Staff of County Assembly to acquire a personal means of transport that enables them to move from their area of residence to the office and have a decent shelter.

The County Assembly of Marsabit Staff Car Loan & Mortgage Scheme Fund was established by and derives its authority and accountability from Section 116 of the Public Finance Management Act (2012), The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya.

The initial budget for the Staff Car Loan and Mortgage Scheme Fund is Kenya Shillings Forty Million (40M). The Fund has been established in a manner that it is revolving in nature so that every staff member can benefit from the Fund. The fund has been deposited at the Kenya Commercial Bank, Marsabit branch.

During the year under review a total of Fifteen (15) employees have benefited from the scheme, the fund also has earned interest income of KES 187,425 .This has enabled Two (2) members of the scheme to purchase motor vehicles and Thirteen (13) for purchase , development, renovation or repair of residential property.

7. Corporate Governance Statement

Matters of Marsabit County Assembly Staff Car Loan and Mortgage scheme Fund are appropriated by the designated Loans Management Committee alone. In this regard, the committee have held 11 sittings during the year under review to discuss and approve mortgage loans and assess various loan recoveries among other agendas. The scheme regulations approved by the County Assembly has provided elaborate ways of establishing a committee with defined membership consisting of One member of the Board as the Chairperson, The Clerk as the Vice Chairperson, The Human Resource Manager as the Secretary of the committee, Two members of the county assembly elected by the County Assembly and an officer who shall be administering the Fund.

The fundamental role of the committee is to manage loans with respect to approvals. This mandate range from receiving applications, appraisal of applications and ultimate consideration of applications based on its merits, Recommend to the Board the appointment of a financial institution to provide administrative services to the Fund and supervise day to day running of the Fund.

At a point where a conflict of interest is suspected, for instance, where a committee member's application is being discussed, the committee by practice asks the member to excuse himself/herself from the meeting as the matter is discharged without any reference to the applicant.

The committee activities in terms of fund expenditure by way of loan disbursements, training facilitation or sitting allowances are all subject to government taxes and audit. The records of loans and bank statements are subjected to audit every end of financial year. This undertaking is primarily embraced not only because it is a statutory requirement but also to ensure financial accountability of the committee and sustainability of the fund.

8. Management Discussion and Analysis

The fund is generally performing well. Further during the year under review the fund earned an interest income of **KES 187,425**.

The members were sensitized on their key roles and mandate on their inaugural meeting of the committee.

During the year under review fifteen staff members benefited from the fund. It is observed that the funding challenges has caused many applicants to get the available amount rather than the requested amount which was within eligible limit. The longer the car loan fund takes to be fully replenished, the more financial pressure for the applicants who will be recovered at a duration that will be shortened by the contract end date.

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Marsabit County Assembly has made various sustainable efforts that focus on service delivery to the citizen. The strategic area of focus for service delivery includes but not limited to:

- Legislative Services
- Oversight Role
- Committee Services
- Staff Management and development
- Physical infrastructure development
- Financial Resource Management
- Application of ICT in all our processes

2. Environmental performance

Marsabit County Assembly works towards the Health and Safety measures that aims at prevention and protection of employees against accidents and occupational hazards arising at the workplace as well as reduce the environmental impact of the institution activities and products.

The Assembly has put in place measures to prevent and mitigate against accidents, explosions, fire, floods, earthquakes, bomb threats and prepared procedures to be followed in such events. There is a Fire assembly point in case of Fire and the employees have been briefed on its importance

3. Employee welfare

Marsabit County Assembly has committed to ensuring that employee welfare is taken into consideration to ensure maximum efficiency and effectiveness. Amongst the welfare opportunities present to Marsabit County Assembly Members and Staff includes: Prompt payment of Salaries, Annual incremental of Salaries, advance of salary, subsistence & foreign allowance, acting allowance and leave allowance.

The Assembly also provides Medical Cover to the Members and Staff. The medical covers entail inpatient, outpatient, dental, Optical Maternity as well as last expense.

The Assembly has also taken into consideration occupational Safety and Health by providing Occupational Benefits; Group Life Insurance, Group Personal Accident and Work Injury Benefit Act (WIBA).

The Members and staff of Marsabit County Assembly enjoys other benefits like leave allowances and categories not limited to the following; Annual Leave, Maternity & Paternity Leave, Unpaid Leave, Compassionate Leave, Sick/Convalescent Leave, Terminal, Examination, Study leave well as child adoption leave. The Members and staff also enjoy various workshops and training programmes intended to improve the employee performance and productivity and increase their morale.

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Market place practices

Marsabit County Assembly as a corporate citizen has always been guided by various rules and regulations, Acts and other government directions to run its day to day activities.

All procurement related issues are published through supplier portals to give fair competitions to suppliers following guidelines from PPOA and PFM ACT 2012.

5. Community Engagements-

The County Assembly continually engages the general public through public participations in delivering its mandate and responsibilities. All bills, plans and policies go through public participation before being enacted.

11. Report of The Fund Administration Committee

The Fund administration committee submit their report together with the audited financial statements for the year ended June 30, 2023, which shows the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to lend to members the scheme loans i.e. Mortgage and Car loan. This function includes receiving of applications, appraisal of applications, committee decision, disbursement of loans, recoveries of advanced monies, monitoring and evaluation of fund performance, enforce compliance, undertake loan clearance when due, and prepare reports as required.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 19-42

Fund Administration Committee

The members of the Fund Administration Committee who served during the year are shown on page 8.

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 Committee



Chair of the Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund

Date: 8th August 2023

12. 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 Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019) 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, 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 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 by The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019. 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 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. OR

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

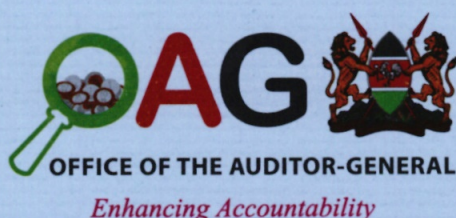
The Fund’s financial statements were approved by the Board on 8th August 2023 and signed on its behalf by:



.....

Administrator of the Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund

REPUBLIC OF KENYA



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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 MARSABIT COUNTY ASSEMBLY STAFF CAR LOAN AND MORTGAGE SCHEME 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund set out on pages 1 to 39, which comprise the

Report of the Auditor-General on Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023

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 and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Marsabit County Assembly Staff Car Loan and Mortgage Scheme 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 (Accruals Basis) and comply with the Public Finance Management (Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund) Regulations, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 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 services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 comply with the authorities which govern them, and that public resources are applied in an effective way.

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 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 control 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 control 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 Fund's 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 control.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to 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


09 January, 2024

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**


14. Statement of Financial Performance for the Year Ended 30th 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	187,425	-
Other Income	5	-	-
		187,425	-
Total Revenue		187,425	-
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	140,281	-
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		140,281	-
Other Gains/Losses			-
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		47,144	-

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



Name: Salim Kato
Administrator of the Fund



Name: CPA Paul Chamo Aila
Fund Accountant
ICPAK Member Number:23908

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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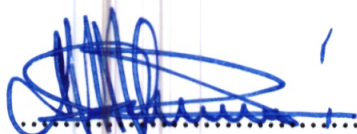
15. Statement of Financial Position As at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	6,259,719	-
Current Portion of Long- Term Receivables From Exchange Transactions	13	595,506	-
Accounts Receivables	14	187,425	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		7,042,650	-
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	33,004,494	-
Investment Property	19	-	-
Total non- current assets		33,004,494	-
Total Assets		40,047,144	-
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Net Assets		40,047,144	-
Revolving Fund		40,000,000	-
Reserves		-	-
Accumulated Surplus		47,144	-
Total Net Assets and Liabilities		40,047,144	-

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 8th August 2023 and signed by:



Name: Salim Kato
Administrator of the Fund



Name: CPA Paul Chamo Aila
Fund Accountant
ICPAK Member Number:23908

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	40,000,000	-	-	40,000,000
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	40,000,000	-	-	40,000,000
Balance As At 1 July 2022	40,000,000	-	-	40,000,000
Surplus/(Deficit) For the Period		-	47,144	47,144
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	40,000,000	-	47,144	40,047,144

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. 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		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			-
Fund administration expenses		-	-
General expenses		140,281	-
Finance cost		-	-
Other payments		-	-
			-
Net cash flows from operating activities	25	(140,281)	-
			-
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		-	-
Loan disbursements paid out		(33,600,000)	-
Net cash flows used in investing activities		(33,600,000)	-
			-
Cash flows from financing activities			-
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(33,740,281)	-
Cash and cash equivalents at 1 July		40,000,000	-
Cash and cash equivalents at 30 June		6,259,719	-

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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

18. Statement of Comparison of Budget and Actual Amounts for the Period ended 30th 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.	-	-	-	-	-	
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	-	-	-	-	-	
Expenses	-	-	-	-	-	
Fund Administration Expenses	-	-	-	-	-	
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	-	-	-	-	-	
Surplus For the Period	-	-	-	-	-	
	-	-	-	-	-	
Capital expenditure	-	-	-	-	-	

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. Notes to the Financial Statements

1. General Information

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from section 116 of the Public Finance Management Act No 18 of 2012 (The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019) on 13th January 2019. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya.

The objective of the fund is: to provide a loan scheme for the purchase of vehicles by members of the scheme, and to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

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	Applicable: 1st January 2023 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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.

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were 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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <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 (state the standards, reason for early adoption and impact on entity's financial statements.)*

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 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 xxx 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. Investment properties are derecognized when either 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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. 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.

l) 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)

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

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.

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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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	171,223	-
Interest Income From Car Loans	16,202	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	187,425	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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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	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
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	-	-
Committee Allowances	-	-
Bank Charges	8,761	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	131,520	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Social benefit expenses*	-	-
Total	140,281	-

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

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	-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022- 2023	2021- 2022
	Kshs	Kshs
Marsabit County Assembly Car Loan and Mortgage Scheme Fund Account	6,259,719	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	6,259,719	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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		6,259,719	-
Bank B		-	-
Sub- Total		6,259,719	-
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		6,259,719	-

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	595,506	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	595,506	-
Non-Current Receivables		
Long Term Loan Repayments Due	33,004,494	-
Total Non- Current Receivables	33,004,494	-
Total Receivables From Exchange Transactions	33,600,000	-

Notes to the Financial Statements Continued

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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. Accounts Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
Accounts Receivables	187,425	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	187,425	-

This amount relates to interest that had been accrued during the year 2022-2023

15. Inventories

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

Notes to the Financial Statements Continued

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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 x	-	-
Bank y	-	-
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

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

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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 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	-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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	-	-	-	-
Total Trade and Other Payables	-	-	-	-
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

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	-	-	-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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	-	-

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	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)	-	-

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

**Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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	47,144	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	(187,425)	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(140,281)	-

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
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	-	-
Total	-	-

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	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. The interest rates chargeable for the fund is at 3% per annum on monthly reducing balance and it's a constant rate.

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	40,000,000	-
Accumulated surplus	47,144	-
Total funds	40,047,144	-
		-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Marsabit County Assembly Staff Car Loan and Mortgage Fund is established by and derives its authority and accountability from section 116 of the Public Finance Management Act No 18 of 2012 (The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund, 2019) on 13th January 2019. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya. Its ultimate parent is the County Government of Marsabit.

31. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	None	None	None



Salim Kato

Fund Administrator

Date: 8th August 2023

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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Annex II: Inter-Fund Confirmation Letter

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 [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

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