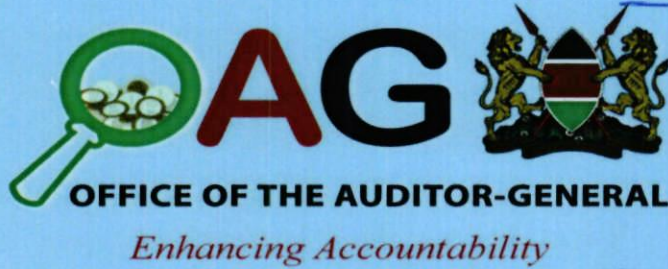


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REPORT

OF

THE AUDITOR-GENERAL

ON

**TURKANA COUNTY ASSEMBLY
CAR LOAN AND MORTGAGE
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**

	PAPERS LAID
DATE	02/03/2022
TABLED BY	DSMW
COMMITTEE	—
CLERK AT THE TABLE	CHANIA





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TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Turkana county assembly car loan and Mortgage fund is a revolving fund established pursuant to the Turkana County Assembly car Loan (Members) scheme Fund regulations, 2014 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund Turkana county Assembly adopted the PFM regulations 27 June 2014 to guide in the operationalization of the fund. Proper Management of funds was also assisted by the SRC circular dated 14th February 2014 under reference SRC/TS/WH/3/14. In that regard the County Assembly Service Board appointed a Committee to manage the fund.

The county assembly in its scheme fund regulations, 2014 dated 27th June 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers.

The fund is wholly owned by the Turkana County Assembly and is domiciled in the Republic of Kenya. And

b) Principal Activities

The principal activity/mission/ mandate of the fund is to provide car loans and Mortgages for members.

Vision

“The fund of choice for Members of the county assembly.”

Mission

“To provide affordable, accessible and sustainable car loans and Mortgages to Members of county assembly.”

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon.Stephen Edukon	Chairperson – Car Loan and Mortgage committee
2	Mr.Lokawa Linus Miinyan	Clerk-Turkana County Assembly
3	CPA Columbus Lokwei Epetet	Director Finance and shared services

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
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d) Key Management

Ref	Name	Position
1	Mr.Lokawa Linus Miinyan	Clerk
2	Mr.John Nakuleu	Fund Administrator
3	CPA Columbus Lokwei Epetet	Director Finance and shared services
4	Mr.Timothy Ekidor Ekal	Principal Finance Officer

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2020

e) Registered Offices

P.O. Box 25-30500

Lodwar

f) Fund Contacts

E-mail: turkancountyassembly@.go.ke

Website: www.turkanaassembly.go.ke

g) Fund Bankers

Cooperative Bank of Kenya

Lodwar Branch

P.O BOX 366-30500

Lodwar, Kenya

h) Independent Auditors

Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) County Legal Adviser

The County Attorney




Turkana County Government

P.O. Box 11-30500

Lodwar, Kenya

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
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2. THE BOARD OF TRUSTEES

Name	Details of qualifications and experience
<p>1. </p>	<p>Hon. Stephen Edukon- Chairperson Car Loan and Mortgage Committee Mr. Stephen Edukon was appointed the chairperson of the Car Loan and Mortgage. Hon. Stephen Edukon is the MCA of Turkwel ward and is also the vice chairperson of CASB of Turkana County Assembly.</p>
<p>2. </p>	<p>Mr.Lokawa Linus Miinya – Clerk,TCA Mr.Linus Lokawa Miinyan is the first Clerk Turkana County Assembly. He holds a Bachelor of Commerce Degree (Economics) from Masinde Muliro University. He is also the Secretary of the CASB of Turkana County Assembly.</p>
<p>3. </p>	<p>CPA Columbus Lokwei Epetet CPA Columbus Lokwei Epetet was by virtue of the fund regulations appointed as the board Trustee of the fund. Currently he is the Director Finance and shared Services in Turkana County Assembly. He holds a bachelor of commerce in Finance from the University of Nairobi. He is Certified Public Accountant (CPA)</p>

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2020

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the Turkana County Assembly Entity's 2019-2023 plans are to:

- a) Develop capacity development framework for the institution
- b) Draft legislations for the institutions
- c) Develop Members and staff welfare
- d) Develop administrative and operational policy environment

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Capacity Development framework	Proper framework for capacity development for members	Increased capacity development framework	Needs assessment for members undertaken	In FY 19/20 Members were trained on capacity developments by several entities
Drafting of legislations	Enhancing of Legislative drafting capacity	Passage of several bills by the assembly	Passage of 32 bills by 1 st CAT Passage of 7 bills by 2 nd CAT	In FY 19/20 the county Assembly performed well in passage of several bills.
Members welfare	Improve members welfare	Establishing medical scheme,pension,saccos and Loans for members	Members have been enrolled in medical schemes. Members have also been issued with Car and Mortgage Loans	In FY 19/20 Over 350 Million have been issued to members as car loan and Mortgage. Medical services are also in place.

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020


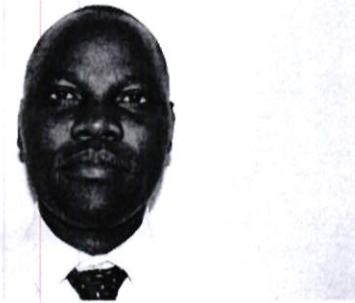


Administrative and operational policy environment	Finalize key policies relating to administration	ICT Policy developed and Scheme of service for the assembly adopted	An approved ICT Policy and scheme of service is already in use.	In FY 19/20 ICT policy and scheme of service is being implemented.
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TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2020

MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1.</p> 	<p>Mr. Lokawa Linus Miinyan – Clerk, TCA</p> <p>Mr. Linus Lokawa Miinyan is the first Clerk Turkana County Assembly. He holds a Bachelor of Commerce Degree (Economics) from Masinde Muliro University. He is also the Secretary of the CASB of Turkana County Assembly.</p>
<p>2.</p> 	<p>CPA Columbus Lokwei Epetet</p> <p>CPA Columbus Lokwei Epetet was by virtue of the fund regulations appointed as the board Trustee of the fund. Currently he is the Head of Director Finance and shared Services of the Turkana County Assembly. He holds a bachelor of commerce in Finance option from the University of Nairobi. He is also Certified Public Accountant(CPA)</p>
<p>3.</p> 	<p>Mr. Timothy Ekidor Ekal</p> <p>Mr. Timothy Ekidor Ekal was by virtue of the fund regulations appointed as the principal finance officer. Currently he is the Head of Finance of Turkana County Assembly. He holds a bachelor of commerce degree from Kenyatta university</p>
<p>4.</p> 	<p>John Nakuleu Lotukoi– Fund Administrator</p> <p>John Nakuleu Lotukoi was appointed as the Fund Accountant on 1st June 2018.</p> <p>He is the head of Budget Department in County Assembly of Turkana. He holds a Bachelor of Business Administration (Accounting) from Moi University.</p>

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

4. BOARD/FUND CHAIRPERSON'S REPORT

On behalf of the Car Loan and Mortgage Management committee, I present the Turkana County Assembly Car loan and Mortgage scheme fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

The New committee reviewed and interrogated the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The board carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organisation arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

The fund earned revenues amounting to KShs. 3,980,248 from interests' income. This income was averagely achieved compared to the previous year. This income was low because most beneficiary's had already repaid back their loans with accumulative interests. The income also decreased due to few applicants of the loans disbursed and given as top up for the 2nd term of members of the county assembly.

Fund implementation process during the period was carried out as per the plan, with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening cash balance of KShs.23, 616,069 at the beginning the year.

Expenditures

The total expenditures during the period amounted to KShs.787, 400 as Fund administration expenses and finance costs.

FUND CHAIRPERSON'S REPORT

Future outlook

The outlook of the Fund for 2019/2020 looks brighter. The fund has already established other funds like Car Loan and mortgage fund for the staff of the county assembly. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow trustees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2020/2021.

Signed: _____



Hon. Stephen Edukon
Chairman-Car Loan and Mortgage management committee

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

5. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the car loan and Mortgage financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

The fund was established on February 2014 and started with an initial amount of KShs 141 M appropriated by the Turkana County Assembly in the Turkana County Appropriation(Amendment) Act,2014. Since then, a total of over 70 loan beneficiaries have made borrowings amounting to more than KShs 350 M.

Financial Performance

a) Revenue

In the year ended 30th June 2019, the fund had projected income interests of ksh. 3,980,248 as revenues of the fund.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Interest income	-	3,980,248	100%
Total income	-	3,980,248	100%

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2020

REPORT OF THE FUND ADMINISTRATOR

b) Loans

During the financial year 2019/2020, the fund disbursed top up loans to members bringing the total loan beneficiaries to date to over 75 members. There was a decrease in disbursements of loans and the lowest recorded in a single financial year since the inception of the fund since members had already taken their loans. Only top ups loans was done for the members who had applied.

c) Cash flows

In the FY 2019/2020, we have had increase in liquidity ratio. This was as a result of proper planning and loan collections. The cash and cash equivalents increased from KShs 23, 616,069 as at 30th June 2019 to KShs 40,628,425.00 as at 30th June 2020.

d) Conclusion

FY 2019/2020 was a good year in general. Good progress was made and the momentum has been created to enable Turkana County Assembly Car loan and Mortgage scheme fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

REPORT OF THE FUND ADMINISTRATOR

I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure Turkana County Assembly Car loan and Mortgage scheme fund achieves its mission.

Signed: _____



Mr. John Nakuleu Lotukoi
Fund Administrator

6. CORPORATE GOVERNANCE STATEMENT

THE BOARD

The Turkana County Assembly Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to the Turkana County Assembly car Loan and scheme Fund regulations, 2014. Its mandate is to provide car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of trustees at its apex. The operations of the fund are governed by a Turkana County Assembly Car Loan and Mortgage scheme Fund Regulations, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the board.

THE BOARD OF TRUSTEES

Scheme Fund Regulations, 2014 provides that the board of trustees shall be made up of nine trustees, including the chairman, and shall consist of a chairperson and eight other members. The board of trustees is responsible for the long-term strategic direction of the fund and recruitment of the Fund Administrator. The board of trustees exercises leadership, enterprise, integrity and judgment in directing the Fund.

The trustees are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the board of trustees is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

All members of the board of trustees have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The trustees are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties. At the end of each financial year, the board, its committees, individual trustees and the Fund Administrator are evaluated by an independent body against targets agreed to at the beginning of the year.

BOARD MEETINGS

The board of trustees shall be convening meetings at such times as may be necessary for the discharge of the committee's functions. The board of trustees also plays an oversight role over all other financial and operational issues. The trustees held nine board meetings during the FY 2019/2020.

STATEMENT OF CORPORATE GOVERNANCE (Continued)

AUDIT AND RISK COMMITTEE

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the board of trustees has established an audit and risk committee. The committee was established to advise the board of trustees on institutional risk management and compliance. The committee held two meetings during the year. The committee is also planning to meet the Fund's external auditors KENAO to deliberate on risk management issues. The members of this committee during the year under review were:

S/No.	Name	Position in committee	Period Served
1	Mrs.Sarah Chumba	Chairperson	13 th April 2018 to 12 th April 2021
2	Mr. Ekadeli Michael	Member	13 th April 2018 to 12 th April 2021
3	Mr.Justus Emeri	Member	13 th April 2019 to 12 th April 2021

STATEMENT OF COMPLIANCE

The board of trustees confirms that the fund has throughout the FY2019/2020 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

With regard to compliance the fund has fully meet the requirement that the board of trustees ought to be between nine in number as guided by the fund regulations.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The trustees are responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

STATEMENT OF CORPORATE GOVERNANCE

Standing Instructions

The fund has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the fund can meet its future management requirements.

Strategic Plan

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2019/2020.

Risk Management

The fund has in place a risk management framework which guides the fund in identifying, assessing and managing the risks. The fund has developed a risk register which documents and prescribes mitigating measures of all the risks both external and internal facing the fund. The risk management framework and register are regularly reviewed to incorporate any emerging issues in the operating environment. The risk management is coordinated by the head of internal audit, who reviews all the risks in the fund and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the audit and risk committee to assist the board in the management of risks.

STATEMENT OF CORPORATE GOVERNANCE (Continued)

Management Team

The management team is headed by the clerk who implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The fund is audited by the Auditor-General.

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

7. MANAGEMENT DISCUSSION AND ANALYSIS

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

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 staff with an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund earned its revenue amounting to KShs 3,980,248 from its income interest. The income interest was average enough because the fund was not disbursed fairly enough as the previous year.

The fund remained liquid throughout the year experiencing high liquidity towards the end of the financial year due to increased collections from members, and the county government. The fund is projecting increased support from the development partners as well as the county government.

Cash flow

The cash and cash equivalents increased from KShs 23,616,069 as at 30 June 2019 to KShs 40,628,425 as at 30 June 2020. There was significant cash inflow from collections from members, other contributions and the county government.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been the offering car loans to members of the county assembly. The county assembly has supported the fund and increased collections from members have also added to the fund's better performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

During the year, the fund reviewed its organization structure that resulted to growth of staff from one (2) to two (4) for increased efficiency and effectiveness to achieve the strategic objectives.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2020/2021.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate social responsibility is an integral part of our culture. As a responsible organisation, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities around us.

We are looking forward to getting involved more in these and other areas, and the management team has been tasked with coming up with more CSR ideas.

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020, which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide financing to the members of the county assembly to purchase cars and houses for personal use.

Results

The results of the Fund for the year ended June 30, 2020 are set out on pages 23 to 28.

Trustees

The members of the Board of Trustees who served during the year are shown on page 5 and 8. There were no changes in the Board during the FY 2019/20.

Auditors

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

By Order of the Board



Lokawa Linus Miinyan

Clerk, TCA

Date: 26.11.2020

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

10. 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 Turkana County Assembly car Loan (Members) scheme Fund regulations, 2014 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, 2020. 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 Turkana County Assembly car Loan (Members) scheme Fund regulations, 2014. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

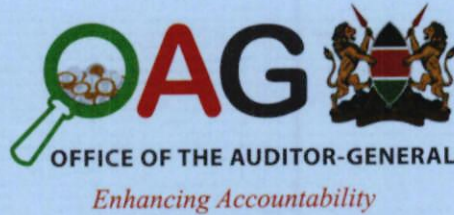
The Fund's financial statements were approved by the Board on 26.11.2020 2020 and signed on its behalf by:



Mr. John Nakuleu Lotukoi
Car Loan and Mortgage Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana County Assembly Car Loan and Mortgage Fund set out on pages 23 to 57, which comprise of the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Turkana County Assembly Car Loan and Mortgage Fund as at 30 June, 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), the Turkana County Assembly Mortgage Scheme Fund, Regulations, 2014 and The Public Finance (Turkana County Car Loan (Members) Scheme Fund) Regulations, 2014.

Basis for Qualified Opinion

Long Outstanding Debt from a Deceased Member

The statement of financial position as at 30 June, 2020 reflects long term receivables from exchange transactions balance of Kshs.150,103,114 as disclosed in Note 11 to the financial statements, the amount includes car loan and mortgage balance of Kshs.1,148,427 and Kshs.556,210 respectively all totalling to Kshs.1,704,637 owed by a deceased member before an insurance cover was put in place. It has not been possible to ascertain whether the amounts will be recovered from the beneficiary and whether adequate security has been obtained for the loans.

Consequently, the recoverability of Kshs.1,704,637 included in the receivables from exchange transactions as at 30 June, 2020.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the report of the previous year, several issues were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues remain unresolved contrary to section 149(2)(l) of the public finance management act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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

Basis for Conclusion

1. Presentation of Financial Statements

The financial statements as at 30 June, 2020 and as presented referred to the fund as Turkana County Assembly Car Loan and Mortgage Fund. However, as per the fund regulations provided for audit; Public Finance (Turkana County Assembly Mortgage Scheme Fund) Regulations, 2014 which established The Turkana County Assembly Mortgage (Members) Scheme Fund and The Public Finance (Turkana County Car Loan (Members) Scheme Fund) Regulations, 2014, which established The Turkana County

Assembly Car Loan Scheme Fund. The financial statements should have been prepared as two separate financial statements cited as; Turkana County Assembly Mortgage Scheme Fund and Turkana County Car Loan (Members) Scheme Fund.

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

2. Non-Compliance with the Fund Regulations

The Statement of Financial Position as at 30 June, 2020 and as disclosed in Note 11 to the financial statements reflects long term receivables from exchange transactions of Kshs.150,103,114 and which relates to outstanding car loan and mortgage. However, the mortgage loans were not supported by copies of designs, bills of quantities, official search of the title, valuation reports of the properties and certified copies of the sale agreements, contrary to Regulation 10(1) of The Public Finance Management (Turkana County Assembly Mortgage Scheme Fund) Regulation, 2014 which requires an application for a loan under these Regulations to be accompanied by the afore stated documents. Further, there was no evidence that the properties taken as security for the loans were charged and logbooks jointly issued as required under regulation 8(2) and 15 (1) of the aforementioned regulations.

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

Further, there was no evidence of original title deeds to property were in the custody of fund management contrary to Regulation 16(2) of the Public Finance (Turkana County Assembly Mortgage Scheme Fund) Regulations, 2014 requires the originals of all documents relating to property financed by a loan from the fund to be kept in safe custody by the officer administering the Fund. In the event of a default, there is a possibility the granted loans may not be fully recovered and a likelihood of irregular change of ownership of property financed through the scheme without the Fund administration's knowledge, leading to financial loss to the Fund.

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

3. Lack of Approved Budget

The statement of financial performance for the year ended 30 June, 2020 reflects total revenue of Kshs.3,980,248 and total expenditure of Kshs.787,400. However, there was no evidence that the fund's budget for the year ended 30 June, 2020 was prepared and approved contrary Section 149(1)(a) of Public Finance Management Act, 2012 which requires an accounting officer to ensure that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, section 149(2) (h) which requires an accounting officer to prepare estimates of expenditure of the entity in conformity with the strategic plan and section 149(2) (i) which requires accounting officer to submit the estimates of an entity, which is not a county corporation, to the County Executive Committee member for finance.

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

4. Failure to Indemnify the Members

The statement of financial position as at 30 June, 2020 reflects long-term receivables from exchange transactions of Kshs.150,103,114. As disclosed in Note 11 to the financial statements, the amount includes loans issued to four (4) members during the year amounting to Kshs.5,112,270. However, there was no evidence of mortgage protection policy and fire policy on the properties purchased/developed through the mortgage scheme contrary to Regulation 16(1) of the Public Finance (Turkana County Assembly Mortgage Scheme Fund) Regulations, 2014 which requires a borrower to take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Board, the cost of which shall be paid out of the Fund and debited in such borrower's account.

In addition, there was no evidence of member's prior authority in writing for their pension dues to be utilized to clear any outstanding debt in case the members lose their seats before fully settling their loans contrary to Regulation 12(2) Public Finance (Turkana County Assembly Mortgage Scheme Fund) Regulations, 2014 which requires a member of the Scheme to give prior authority in writing for pension dues to be utilized to clear any outstanding debt in case the member loses the County Assembly seat before fully repaying the loan.

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

REPORT ON EFFECTIVENES 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of a Loans Register

A review of the internal controls of the fund revealed that, the Committee does not maintain a register of all loan applications submitted contrary to contrary regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

Consequently, assessment of the efficiency and effectiveness in the granting of loans to its applicants is not possible.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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.

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 abolish the Fund or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

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12. FINANCIAL STATEMENTS

12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	0
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	3,980,248	6,691,119
Other income	5	-	-
		-	-
Total revenue		3,980,248	6,691,119
Expenses			
Fund administration expenses	6	776,300	646,000
General expenses	7		65,330
Finance costs	8	11,100	-
Total expenses		787,400	711,330
Other gains/losses			
Gain/loss on disposal of assets	9		
Surplus/(deficit) for the period		3,192,848	5,979,789

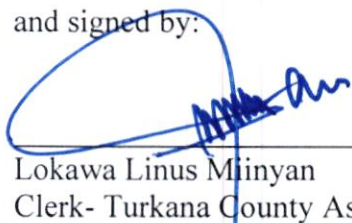
The notes set out on pages 44 to 56 form an integral part of these Financial Statements

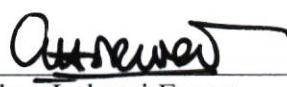
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12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	10	40,628,425	23,616,069
Current portion of long- term receivables from exchange transactions	11	192,788,629	149,402,378
Prepayments	13	-	-
Inventories	14	-	-
		233,417,054	173,018,447
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	11	150,103,114	207,308,873
		150,103,114	207,308,873
Total assets		383,520,168	380,327,320
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		-	-
Net assets		383,520,168	380,327,320
Revolving Fund		153,601,159	153,601,159
Reserves(Interest)			-
Accumulated surplus		229,919,009	226,726,161
Total net assets and liabilities		383,520,168	380,327,320

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 _____ 2020 and signed by:


 Lokawa Linus Miinyan
 Clerk- Turkana County Assembly


 Columbus Lokwei Epetet
 Director Finance & Shared Services
 ICPAK Member Number: 14749

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12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	153,601,159	-	220,746,372	374,347,531
Surplus/(deficit) for the period	-	-	5,979,789	5,979,789
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	153,601,159	-	226,726,161	380,327,320
Balance as at 1 July 2019	153,601,159	-	226,726,161	380,327,320
Surplus/(deficit) for the period	-	-	3,192,848	3,192,848
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	153,601,159	-	229,919,009	383,520,168

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12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received	4	3,980,248.00	6,691,119.00
Receipts from other operating activities		-	-
Total Receipts		3,980,248.00	6,691,119.00
Payments			
Fund administration expenses		-	646,000.00
General expenses	6	776,300.00	65,330.00
Finance cost	8	11,100.00	-
		787,400.00	711,330.00
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)		-	-
Net cash flows from operating activities	21	3,192,848.00	5,979,789.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		62,318,029.00	-
Loan disbursements paid out		(5,112,270.00)	(111,778,057.00)
Net cash flows used in investing activities		57,205,759.00	(111,778,057.00)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings-Lending to CA		(58,733,500.00)	-
Repayment of borrowings		15,347,249.00	55,603,764.00
Net cash flows used in financing activities		(43,386,251.00)	55,603,764.00

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Net increase/(decrease) in cash and cash equivalents		17,012,356.00	(50,194,504.00)
Cash and cash equivalents at 1 JULY	10	23,616,069.00	73,810,572.00
Cash and cash equivalents at 30 JUNE	10	40,628,425.00	23,616,069.00

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Interest income	-	0	3,980,248	3,980,248	(-)	100%
Cash and Cash Equivalent at beginning of the year	-	0	23,616,069	23,616,069	-	100%
Total income	-	(-)	27,596,317	27,596,317	(-)	
Expenses						
Fund administration expenses	-	-	776,300	776,300	(-)	
General expenses	-	(0)	-	-	(-)	100%
Finance cost	-	(0)	11,100	11,100	(-)	100%
Total expenditure	-	(0)	787,400	787,400	(-)	100%
Surplus for the period	-	-	26,808,917	26,808,917	-	

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
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12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

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

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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: <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;

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 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: <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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other Improvements to IPSAS	Applicable: 1st January 2021: <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

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Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on 30 June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and 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.

9. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. Changes in accounting policies and estimates

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

12. 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.

13. 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. 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.

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the county assembly of Turkana.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

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

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2020				
Receivables from exchange transactions	192,788,629	192,788,629	-	-
Receivables from non exchange transactions	150,103,114	150,103,114	-	-
Bank balances	40,628,425	40,628,425	-	-
Total	383,520,168	383,520,168	-	-
At 30 June 2019				
Receivables from exchange transactions	149,402,378	149,402,378	-	-
Receivables from non-exchange transactions	207,308,873	207,308,873	-	-
Bank balances	23,616,069	23,616,069	-	-
Total	380,327,320	380,327,320	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

b) Liquidity risk management

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2020			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2020			
Euro	10%	-	-
USD	10%	-	-
2019			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	153,601,159	153,601,159
Accumulated surplus	229,919,009	226,726,161
Total funds	383,520,168	380,327,320
Total borrowings	-	-
Less: cash and bank balances	(40,628,425)	(23,616,069)
Net debt/(excess cash and cash equivalents)	(40,628,425)	(23,616,069)
Gearing	0%	0%

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Car and Mortgage loans	3,980,248	6,691,119
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	3,980,248	6,691,119

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5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)		
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	776,300	646,00
Total	776,300	646,000

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses-Bank Charges	11,100	65,330
Total	11,100	65,330

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9. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

10. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	40,628,425	23,616,069
Others	-	-
Total cash and cash equivalents	40,628,425	23,616,069

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
a) Fixed deposits account			
b) On - call deposits			
c) Current account			
Turkana County Assembly Car Loan & Mortgage scheme- Cooperative Bank-Lodwar Branch	1141591530500	40,628,425	23,616,069
Sub- total		40,628,425	23,616,069
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		40,628,425	23,616,069

11. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	192,788,629	149,402,378
Other exchange debtors	-	-
Less: impairment allowance	(-)	(0)
Total Current receivables	192,788,629	149,402,378
Non-Current receivables		
Long term loan repayments due	150,103,114	207,308,873
Total Non- current receivables	150,103,114	207,308,873
Total receivables from exchange transactions	342,891,743	356,711,251

Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-

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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	-	-

12. Revenue from Non-Exchange transaction

Description	KShs	KShs
	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Car Loan and Mortgage Fund	-	-
Total receivables from non-exchange transactions	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. 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 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1 st July 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 30th June 2020	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2019/2020	2018/2019
	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	-	-

17. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	-	-
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 (30.06.2019)	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2019/2020	2018/2019
	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 domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from Bank	-	-
Sterling Pound denominated loan from Bank	-	-
Euro denominated loan from Dfid	-	-
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	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CHANGES IN RECEIVABLE

Description of the error	2019 – 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

21. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 – 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

22. Employee benefit obligations

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	3,192,848	5,979,789
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
Net cash flow from operating activities	3,192,848	5,979,789

24. 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Assembly	192,788,629	149,402,375
Total	192,788,629	149,402,375

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

25. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2020

13. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
ELD/TCCMF/2018-2019-2-02-0023-19/7	Unsecure car and Mortgage Loans	The management committee and management of Turkana county assembly accepts the fact that loans for the assembly were not insured but thus leading to non-recovery of the unpaid car loan and mortgage for the deceased member of the county assembly. However all loans disbursed for the second assembly were insured with a credible insurance company approved by the board.	Linus Lokawa-Clerk Columbus Lokwei-Director Finance and shared services Timothy Ekidor-Principal Finance Officer	Not resolved	30 June 2020
ELD/TCCMF/2018-	Loan Discharge	The management has noted this requirement	Linus Lokawa-Clerk	Not resolved	30 June 2020

TURKANA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2019-2-02-0023-19/7	certificates	and will ensure that the same is affected during the end of the second assembly.	Columbus Lokwei- Director Finance and shared services Timothy Ekidor- Principal Finance Officer		
ELD/TCCMF/2017-2018-2-020023-19-12	Insuarance claim for the deceased member	The management has noted this requirement and will ensure that the same is affected during the end of the second assembly.	Linus Lokawa-Clerk Columbus Lokwei- Director Finance and shared services Timothy Ekidor- Principal Finance Officer	Resolved	30 June 2020

Guidance Notes:

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

Date	Description of Payment	Allocation	Voucher No.	Cheque No.	Sh.	cts.	Sh.	cts.	Sh.	cts.
	loan top-up to Hon Member									
	Co-op bank bank charges									
									459090	90
									11100	00
									470190	90
									40628425	39
									41098616	29

Bank Balance 40,628,425.39 ✓

Total payments = 64,633,170 / 90 = 105,261,596.29 ✓

fundings = 98,911,596 / 29
6350 000 = 105261596.29 ✓

[Handwritten signature and scribbles]





CO-OPERATIVE BANK OF KENYA

CERTIFICATE OF BALANCE

Branch Lodwar Date 2.7.2020

We hereby certify that the balance Standing to the Credit / Debit of

(Title of A/C) TCA CAR LOANS AND MORTGAGES

A/C No.

0	1	1	4	1	5	9	1	5	3	0	5	0	0
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In the books of this Branch as at

Amount to Kshs 40 628 425.39.00

Amount in words: forty million six hundred and twenty eight thousand four hundred and twenty five cents thirty nine only

Per Pro, THE CO-OPERATIVE BANK OF KENYA
LODWAR BRANCH
[Signature] Manager
[Signature] Operations Manager
Authorised Signatory 8.1.19

Personal Current Account Statement



CO-OPERATIVE BANK
We are you

Statement Date 10-Jul-20
Statement Period 01-Jun-19 to 01-Jul-20
Page Page 4 of 5

TCA CAR LOANS AND MORTGAGE SCHEME AC

Branch LODWAR BRANCH
Branch Code 00011145
Contact Details
Tel

Account No	01141591530500
Account Description	01141-GOVERNMENT CURRENT ACCOUNTS
Currency	KES

TRANS DATE	DETAILS	CHANNEL ID	VALUE DATE	DEBIT	CREDIT	BOOK BALANCE
22-May-20	KCBLKENXDMM HON JOHN LOKWATUBA /098176193862	BPWR	22-May-20	416,575.00		29,604,415.99 CR
22-May-20	COMM_32 SWIFT	BPWR	22-May-20	500.00		29,603,915.99 CR
22-May-20	EXCISE DUTY	BPWR	22-May-20	100.00		29,603,815.99 CR
22-May-20	KCBLKENXDMM HON BENEDICT LOKAMAR /1106803523	BPWR	22-May-20	416,575.00		29,187,240.99 CR
22-May-20	COMM_32 SWIFT	BPWR	22-May-20	500.00		29,186,740.99 CR
22-May-20	EXCISE DUTY	BPWR	22-May-20	100.00		29,186,640.99 CR
05-Jun-20	TURKANA COUNTY 6350000KES FT20157XDLMN	SVR	05-Jun-20		6,350,000.00	35,536,640.99 CR
08-Jun-20	TURKANA COUNTY 5551955.3KES FT20180Z0NH3	SVR	08-Jun-20		5,551,955.30	41,088,596.29 CR
09-Jun-20	KCBLKENXDMM HON NICHOLAS EWOI /1107523079	BPWR	09-Jun-20	459,090.90		40,629,505.39 CR
09-Jun-20	COMM_32 SWIFT	BPWR	09-Jun-20	500.00		40,629,005.39 CR
09-Jun-20	EXCISE DUTY	BPWR	09-Jun-20	100.00		40,628,905.39 CR
26-Jun-20	INTERIM STATEMENT 5915305 TCA	BPWR	26-Jun-20	400.00		40,628,505.39 CR
26-Jun-20	CAR LOANS AND MORTGAG EXCISE DUTY	BPWR	26-Jun-20	80.00		40,628,425.39 CR
01-Jul-20	TURKANA COUNTY 5642295.4KES FT20183RB4GF	SVR	01-Jul-20		5,642,295.40	46,270,720.79 CR
	TOTAL VALUE			68,633,770.90	87,287,822.10	
CLEAR BALANCE AS ON 10-Jul-20						46,270,720.79 CR
BOOK BALANCE AS ON 10-Jul-20						46,270,720.79 CR
						"End of Statement"

Kindly examine this statement immediately. Any discrepancies must be reported to the Bank as soon as possible. Please note that the balance reflected could change if there are transactions that still need to be processed.

