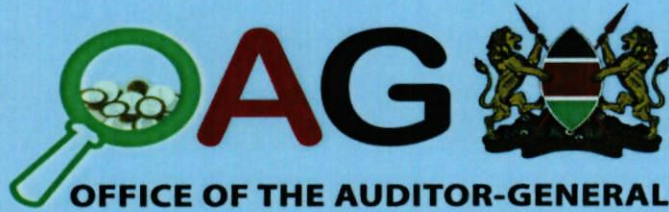


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REPORT

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OF

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE SEVENTEEN MONTHS'  
PERIOD ENDED 30 JUNE, 2020**



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> FEBRUARY 2019 TO  
JUNE 30, 2020**

---

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



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund  
Reports and Financial Statements  
For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

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

**b) Principal Activities**

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

**c) Key Management**

Ref	Name	Position
1	Peter Eripete	Chairperson
2	Gladys Arika	Vice-Chair Person
3	Abraham Losinyen	Secretary
4	Joseph Egiron	Member

**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**d) Registered Offices**

P.O. Box 11-30500  
COUNTY TREASURY BUILDING  
NAWOITORONG ROAD  
LODWAR, KENYA

**e) Fund Contacts**

Telephone :( 254) 790531896  
E-mail: Turkanacounty.go.ke  
Website: www.tcg.go.ke

**f) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
P.O BOX 58-30500  
LODWAR

**g) Independent Auditors**

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

**h) Principal Legal Adviser**

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

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# Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund

Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020

## 2. STATEMENT OF PERFORMANCE AGAINST COUNTY CAR LOAN AND MORTGAGE FUND PREDETERMINED OBJECTIVES

### Guidance

The fund performed very well despite the challenges, we were at 80% against planned budget. There is more opportunities to get better as the Management Committee is planning to do more capacity building to staff.

### 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 Executive car loan and mortgage Fund; 2018-2022 Plan is to:

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

### Progress on attainment of Strategic development



Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Turkana County Executive Car Loan & Mortgage Fund	To provide a loan scheme for the purchase of Motor vehicles and purchase, development, renovation or repair of residential property by Turkana County Executive State and Public officers	Increased Number of State and Public officers getting Loan facility.	No. of State and Public officers getting loan facility.	<b>In FY 19/20 we disbursed loans to 10 Executive staff members being the first disbursement since inception of the Fund.</b>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**3. LOANS MANAGEMENT COMMITTEE**

Name	Details of qualifications and experience
<p>1. Peter Eripete</p> 	<p>Mr.Peter Eripete is the Chairperson Of the fund, he Born on 10<sup>th</sup> November 1958. He is Currently serving as the County Secretary of Turkana County Government. He has a Bachelor's degree in Arts and a working experience of 37 years in public service.</p>
<p>2. Gladys Arika</p> 	<p>Mrs.Gladys Arika is thenVice-Chairperson of the Fund. She was born on 27<sup>th</sup> December, 1973 and Currently serving as the Chief officer Public service, Administration and disaster management. She has a Bachelor's Degree in Health Systems Management and a Member of Clinical officers Council license No.R03944/15. She has a working experience of 24 years both in private and public service.</p>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

3. Abraham Ekai Losinyen



Mr. Abraham Ekai Losinyen is the Secretary/Administrator of the Fund. He was born on 18<sup>th</sup> December, 1982, he is Currently serving as the Chief officer of Finance. He has a Master's degree in International development policy and a Bachelor's Degree in Business administration and management and a subsidiary in community development. He has a working experience of 18 years both in private and public service.

4. Rosemary Nchinyei



Ms. Rosemary Nchinyei is Member of the Fund, She was Born on 7<sup>th</sup> April, 1978 and Currently serving as the Chief officer of Infrastructure, Roads and Public works. She has a Master's of Arts in International Journalism and a diploma in Mass Communication. She has a working experience of 16 years both in private and public service.



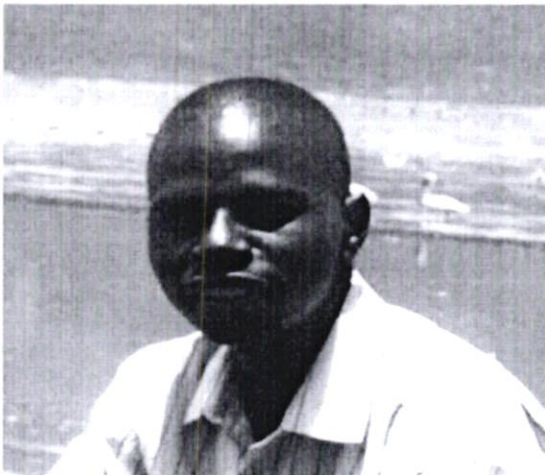
**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

5. Joseph Egiron



Mr. Joseph Egiron is a Member Of the Fund. He was Born on 2<sup>nd</sup> January, 1981. He is Currently serving as the Director of Urban areas management and has a Bachelor's Degree in Lands survey. He as a working experience of 14 years in public service.

6. Francis Esimit





Mr. Francis Esimit is a Member Of the Fund. He was Born on 01<sup>st</sup> July, 1981. He is Currently serving as the Ag. Director of Supply Chain Management Services. He has a Bachelor's Degree in Business management (Purchasing and supplies management) and a diploma in supply management. He is also a Member of Kenya institute of supplies management No.0713110CH and has a working experience of 12 years both in private and public service.





**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

<p>7.Chris Kiyana</p> 	<p>Mr.Chris Kiyana is a Member Of the Fund. He was Born on 24<sup>th</sup> September, 1983. He is Currently serving as the Director of Human Resource Management. He has a Master’s degree in Human Resource Management and a Bachelor’s Degree in Business management- HRM. He is a Member of IHRM No.06432. He also has a higher diploma in HRM and a working experience of 12 years both in private and public service.</p>
<p>8.Leonard Miinyan Mana</p> 	<p>Mr.Leonard Mana is a Member of the Fund. He was Born on 05<sup>th</sup> March, 1980. He is Currently serving as the Deputy Director HRM/Payroll. He has a Bachelor’s Degree in Arts Social studies, Sociology major and A higher Diploma in Human Resource Management. He is Member of institute of Human Resource Management No.05381 and has a working experience of 19 years both private and public service.</p>

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

9. Erastus EtheKon



Mr. Erastus EtheKon is an Ex-Officio Member of the Fund. He was Born on 10<sup>th</sup> February, 1976. He is Currently serving as the County Attorney. He has a degree of Master of Science (Project Management) and a Master of Laws in Transnational oil, gas and energy Law. He also has master's degree in peace, conflict and development studies. He has also a Bachelor's Degree in Law. He is an Advocate of the high court and a Member of Law society of Kenya No.P105/5061/03. He has a working experience of 19 years both in private and public service



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**4. FUND CHAIRPERSON'S REPORT**

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

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

This is the first report for this Fund and it covers a 17 months' period beginning from February 2019 to June 2020. The initial transfer to the Fund when it was initially set up in the FY 2018/19 was Ksh 120,000,000. At the beginning of the FY 2019/20 the fund had an opening balance of Kshs.123, 662,923.85 carried forward from the FY 2018/2019 and was allocated Ksh 100,758,217 in the FY 2019/20 budget from which Ksh 70,000,000 was reallocated for COVID 19 interventions, thus leaving a budgetary balance of Ksh 30,758,217 in the Fund. Disbursements in loans worth Kshs.73, 750,000 were made to 10 County Executive Staff after four (4) Committee Meetings held during the Year.

This initiative is in line with the National Agenda of affordable housing. We will continue to sensitise and encourage our staff to embrace this opportunity. We are planning to avail more resources to this fund going forward and widen accessibility of this facility to all executive staff members. As the chairperson of this fund I am extremely optimistic that the overall objective of the fund will eventually be achieved.

Signed:  \_\_\_\_\_

**Peter Eripete**

**Chairman- Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**5. REPORT OF THE FUND ADMINISTRATOR**

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

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

This is the first financial statement of this fund since its inception and since there is no any other audit that had been done, this report covers a period of more than twelve months (17 months). This Fund was started in February of the FY 2018/2019 and Ksh 120,000,000 was initially transferred into it. At the beginning of the FY 2019/20 the fund had a cash and cash equivalent of Ksh 123,662,923.85 mainly being cash at the bank. The initial budgetary allocation for the fund for the FY 2019/20 was Ksh 100,758,217. However, Ksh 70,000,000 was reallocated to Emergency Response for COVID 19 during the Supplementary budget thus leaving the fund with a budgetary allocation balance of Ksh 30,758,217.00. During the year the Fund generated an income interest of Ksh 1,098,884 from loans issued. The Fund received a further income of Ksh 25,000 from loan application fees. The fund incurred general expenses of Ksh 5,179 for administration costs. Loans worth Ksh 73,750,000 were disbursed during the year to 10 executive staff.

The Fund Administrator should sign the Fund Administrator report.

Signed: \_\_\_\_\_



**Abraham Losinyen**

**Fund Administrator**





# **Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

## **6. CORPORATE GOVERNANCE STATEMENT**

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

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

### **Committee Meetings**

The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated by the chairperson and shall be convened at such times as may be necessary for the discharge of the committee's functions. The quorum for a meeting of the committee shall be chairperson and any other four members.

### **Management Committee**

There is established loans management committee that consists of;

Chairperson – County Secretary.

Vice-chairperson – Chief officer, Public service, administration & Disaster management.

Secretary – Chief Officer, Finance.

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

Ex-officio Member- County Attorney.

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



# **Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

## **7. MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

This is the first Financial Report for this fund since inception and it therefore covers a period of 17 months so that the unaudited initial period is covered. The fund was set up in February 2019 in the FY 2018/19 with an initial transfer of Ksh 120,000,000. The fund had an opening balance of Ksh 123, 662,923.85 carried forward from FY 2018/2019 as cash and cash equivalents. The initial budgetary allocation for the fund for the FY 2019/20 was Ksh 100,758,217 but Ksh 70,000,000 was reallocated for the COVID 19 interventions thereafter. The fund generated Ksh 1,098,884 as interest income from loans issued and Ksh 25,000 as loans application fees. The fund incurred administration costs of Ksh 5,179 for its operations during the year. Treasury borrowed Ksh 48,509,605 from the Fund as a short term measure to manage cash flow problems and this is refundable. The Fund didn't experience any loan defaults incidences during the year.



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**8. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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 the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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 Committee on 15.12. 2020 and signed on its behalf by:



**Fund Administrator**



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund  
Reports For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**9. REPORT OF THE INDEPENDENT AUDITOR**





# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR LOAN AND MORTGAGE SCHEME FUND FOR THE SEVENTEEN MONTHS' PERIOD ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Turkana County Executive State and Public Officers Car Loan and Mortgage Fund set out on pages 1 to 35, which comprise 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 amounts for the period 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Executive State and Public Officers Car Loan and Mortgage Fund as at 30 June, 2020, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.

#### Basis for Qualified Opinion

##### 1.0 Presentation of Financial Statements

The financial statements provided for audit review revealed the following anomalies:

- 1.1 The statement of financial performance reflects surplus for the period of Kshs.1,118,705 while statement of comparison of budget and actual amounts reflects a surplus of Kshs.47,432,705 resulting in an unexplained variance of Kshs.46,314,000.
- 1.2 The statement of financial performance reflects a nil balance in respect of transfers from the County Government for the period while the statement of comparison of budget and actual amounts reflects Kshs.120,064,000 resulting to an unexplained/unreconciled variance of Kshs.120,064,000.

- 1.3 The statement of cashflows reflects total receivables from exchange transactions of Kshs.101,907,409 comprising of short-term receivables of Kshs.48,509,605 and long-term receivables of Kshs 53,397,804 while the statement of comparison of budget and actual amounts shows a balance of Kshs.73,750,000 resulting to an unexplained/unreconciled variance of Kshs.28,157,409.
- 1.4 As disclosed in Note 12, the statement of financial position reflects Kshs.48,509,605 on total receivables from exchange transactions. Review of documents revealed that the amount relates to funds advanced to County Executive which should have been indicated as receivables from County Executive and not as receivables from exchange transactions as provided in the International Public Sector Accounting Standards (IPSAS) 9.11.
- 1.5 The statement of financial performance as at 30 June, 2020 reflects a nil balance in respect of transfers from the County Government whereas the financial statements of the Turkana County Executive indicates that an amount of Kshs.30,758,217 was transferred to the Fund during the period under review.

Consequently, the financial statements do not comply with the International IPSAS and template issued by the Public Sector Accounting Standards Board (PSASB).

## **2.0 Long Term Receivables**

A review of documents revealed that Kshs.73,750,000 was disbursed to members during the period under review. The statement of financial position indicates that the balance of the loans to members as at 30 June, 2020 was Kshs.53,397,804 resulting to Kshs.20,352,196 repaid during the period. However, the repayments have not been supported with payroll deduction summaries and has not been included in the financial statements.

Consequently, the accuracy and completeness of the long-term receivables of Kshs.53,397,804 as at 30 June 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent the Turkana County Executive State and Public Officers 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the period under review.

## **Other Matter**

### **Budget Control and Performance - Lack of Approved Budget**

The statement of comparison of budget and actual amount reflects expenses of Kshs.73,755,179 for period ended 30 June, 2020. However, the Management did not provide the approved budget contrary to Section 149(2)(h and i) of the Public Finance Management Act, 2012

Consequently, the Fund's Management is in breach of the law. In addition, the propriety of the total payments of Kshs.73,755,179 for the period ended 30 June, 2020 could not be confirmed.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Loan Disbursements**

A review of documents revealed that Kshs.73,750,000 was disbursed as loans to the members during the period ended 30 June, 2020. However, the following anomalies were noted contrary to the provision of the Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.

- 1.1 There were no documents of charging the assets acquired through the scheme.
- 1.2 There was no evidence of prior authority in writing for pension dues and or gratuity to be utilized to clear any outstanding debt in case the member losses their job before fully repaying the loan.
- 1.3 The disbursements of Kshs.73,750,000 were not based on the value of the land on which the residential property was developed or rate of completion of the various phases of development as certified by a qualified valuer.
- 1.4 The borrowers did not provide official search from land registry and National Transport Safety Authority (NTSA) for both mortgage and car loan respectively.
- 1.5 The borrowers did not maintain a mortgage protection policy and a fire policy with an insurance firm approved by the loans management committee.

- 1.6 The original ownership documents of properties developed or purchased and vehicles purchased were not kept in custody of the Fund. As a result, it was not possible to confirm that they were jointly registered between the County Government and members who benefited from the scheme.
- 1.7 The loans were not supported with loan application forms and minutes of the Loans management committee.

In the circumstances, the Fund's Management is in breach of the Law.

## **2.0 Unsupported Re-allocation of Funds**

The statement of comparison of budget and actual amounts for the period ended 30 June, 2020 indicates that an amount of Kshs.70,000,000 was reallocated to finance COVID 19 Emergency Response Fund. However, the re-allocation was not approved by the County Assembly through a supplementary budget contrary to Regulation 48 of the Public Finance Management (County Governments) Regulations, 2015 which states that the reallocations by the County Treasury in terms of Section 154(2) of the Act shall be included in the next revised budget for submission to and approval by the County Assembly.

Consequently, the Fund's Management is in breach of the law.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

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

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, risk management and governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

I communicate with 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

07 February, 2022

**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund  
Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10. FINANCIAL STATEMENTS**

**10.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD FROM 1<sup>ST</sup>  
FEBRUARY 2019 TO 30<sup>th</sup> JUNE 2020**

	Note	2019/2020 KShs
<b>Revenue from non-exchange transactions</b>		
Public contributions and donations	1	-
Transfers from the County Government	2	-
Fines, penalties and other levies	3	-
<b>Revenue from exchange transactions</b>		
Interest income	4	1,098,884
Other income-Loan Application Fees	5	25,000
		<b>1,123,884</b>
<b>Total revenue</b>		<b>1,123,884</b>
<b>Expenses</b>		
Fund administration expenses	6	-
staff cost	7	-
General expenses	8	5,179.00
Finance costs	9	-
<b>Total expenses</b>		<b>5,179.00</b>
<b>Other gains/losses</b>		
Gain/loss on disposal of assets	10	-
<b>Surplus/( deficit)for the period</b>		<b>1,118,705</b>

The notes set out on pages 37 to 49 form an integral part of these Financial Statements





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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund  
Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

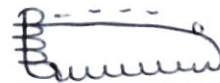
**10.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020 KShs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11	19,275,296
Current portion of short- term receivables from exchange transactions	12	-
Revenue from Non-Exchange transaction	12	48,509,605
Prepayments	14	-
Inventories	15	-
<b>Sub -Total</b>		<b>67,784,901</b>
<b>Non-current assets</b>		
Property, plant and equipment	16	-
Intangible assets	17	-
Long term receivables from loans issued		53,397,804
<b>Sub -Total</b>		<b>53,397,804</b>
<b>Total assets</b>		<b>121,182,705</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions	18	-
Provisions	19	-
Current portion of borrowings	20	-
Employee benefit obligations	21	-
<b>Non-current liabilities</b>		
Non-current employee benefit obligation	22	-
Long term portion of borrowings	18	-
<b>Total liabilities</b>		<b>-</b>
<b>Net assets</b>		<b>121,182,705</b>
Revolving Fund		120,064,000
Reserves		-
Accumulated surplus		1,118,705
<b>Total net assets and liabilities</b>		<b>121,182,705</b>

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 15.12.2020 and signed by:



Administrator of the Fund  
Name: ABRAHAM FAGAN.



Fund Accountant  
Name: LECHOR EMMANUEL  
ICPAK Member Number: 11784

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund  
Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10.3. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM 1<sup>ST</sup>  
FEBRUARY 2019 TO 30 JUNE 2020**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	-	-	-
<b>Balance as at 1 July 2019</b>		-	-	-
Surplus/(deficit) for the period		-	1,118,705	<b>1,118,705</b>
Funds received during the year	120,064,000	-	-	<b>120,064,000</b>
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>120,064,000</b>	-	<b>1,118,705</b>	<b>121,182,705</b>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund  
Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10.4. STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1<sup>ST</sup> FEBRUARY 2019  
TO 30 JUNE 2020**

	Note	2019/2020
		KShs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		-
Transfers from the County Government	2	-
Interest received	4	1,098,884
Receipts from other operating activities	5	25,000
<b>Total Receipts</b>		<b>1,123,884</b>
<b>Payments</b>		
Fund administration expenses	6	
General expenses	8	5,179
Finance cost	9	-
<b>Sub total</b>		<b>5,179</b>
<b>Adjusted for:</b>		
Decrease/(Increase) in Accounts receivable: outstanding imprest	21	-
Increase/(Decrease) in Accounts Payable: deposit and retention	22	-
Short term receivables from Non-Exchange transactions		(48,509,605)
Long-term receivables		(53,397,804)
<b>Net cash flows from operating activities</b>		<b>(100,788,704)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		-
Proceeds from sale of property, plant and equipment		-
Proceeds from loan principal repayments		-
Loan disbursements paid out		-
<b>Net cash flows used in investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from revolving fund receipts		120,064,000
Additional borrowings		-
Repayment of borrowings		-
<b>Net cash flows used in financing activities</b>		<b>120,064,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,275,296</b>
Cash and cash equivalents at 1 JULY	11	
<b>Cash and cash equivalents at 30 JUNE</b>	<b>11</b>	<b>19,275,296</b>

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund  
Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR  
THE PERIOD ENDED 30<sup>th</sup> JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations						
Transfers from County Govt.	220,758,217	(70,000,000)	150,758,217	120,064,000	30,694,217	80%
Interest income	1,500,000	0	1,500,000	1,098,884	401,116	73%
Other income	30,000	0	30,000	25,000	5,000	83%
<b>Total income</b>	<b>222,288,217</b>	<b>(70,000,000)</b>	<b>152,288,217</b>	<b>121,187,884</b>	<b>31,100,333</b>	<b>55%</b>
<b>Expenses</b>						
Fund administration expenses						
General expenses	6,000	0	6,000	5,179	821	86%
Finance cost						
Loans Disbursements	220,752,217	(70,000,000)	150,758,217	73,750,000	77,008,217	51%
<b>Total expenditure</b>	<b>220,758,217</b>	<b>0</b>	<b>150,764,217</b>	<b>73,755,179</b>	<b>77,009,038</b>	<b>49%</b>
<b>Surplus for the period</b>	<b>1,530,000</b>	<b>(70,000,000)</b>	<b>1,524,000</b>	<b>47,432,705</b>		<b>49%</b>

**Budget notes**

1. The initial Transfers budget from County Government of KES 220,758,217 was reduced by 70,000,000 to finance COVID 19 Emergency response Fund during supplementary budget of the FY 2019/20
2. The difference between the actual received revenue vs final budget is due to delayed release of funds from national treasury.
3. The surplus of Kshs.47,432,705 differs with the surplus in the statement of financial performance of Kshs.1,118,705 due to transfers from county government of Kshs.120,064,000 recognised as revolving fund and Loans Disbursements Kshs.73,750,000 which is included in the long-term receivables from exchange transactions of Kshs.53,397,804. Both are recognised in the statement of financial position



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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10.6. 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**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> 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**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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"><li>• 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;</li></ul>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<b>IPSAS 42: Social Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2022</b> 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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2022:</b> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> 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	<b>Applicable: 1<sup>st</sup> January 2021:</b> <ul style="list-style-type: none"> <li>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</li> </ul>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

Standard	Effective date and impact:
	<p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  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.

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 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 xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of kshs. 30,758,217 on the FY 2019/2020 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 21 of these financial statements.





**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme  
Fund  
Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to  
June 30, 2020**

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.



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.



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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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 and derives its authority and accountability from the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016 under the Ministry of Public service, Administration and Disaster Management. Its ultimate parent is the County Government of Turkana.

**20. Currency**

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



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.

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

**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. Additional disclosure of these estimates of provisions is included in Note xxx.

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.



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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
<b>At 30 June 2019</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2018</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				





**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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 XXXX

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
<b>At 30 June 2019</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>				
<b>At 30 June 2018</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>				

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**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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:

		<b>Other currencies</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 30 June 2019</b>			
Financial assets			
Investments			
Cash			
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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.

	<b>Change in currency rate</b>	<b>Effect on surplus/ deficit</b>	<b>Effect on equity</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>2020</b>			
Euro	10%		
USD	10%		
<b>2019</b>			
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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2020: KShs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2019 – KShs xxx)



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Summary of Significant Accounting Policies For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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		
Accumulated surplus		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		





**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**10.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**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		
<b>Total</b>		

**3. Fines, penalties and other levies**

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

There were no fines, penalties and other levies during the year.

**4. Interest income**

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	1,098,884	0
Interest income from car loans	0	0
Interest income from investments	0	0
Interest income on bank deposits	0	0
<b>Total interest income</b>	<b>1,098,884</b>	<b>0</b>

This is loan interest income received during the year.

**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**5. Other income**

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income	25,000	0
<b>Total other income</b>	<b>25,000</b>	<b>0</b>

**6. Fund administration expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	0	0
Loan processing costs(loans paid out)	0	0
Professional services costs	0	0
Administration fees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**7. Staff costs**

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	0	0
Staff gratuity	0	0
Staff training expenses	0	0
Social security contribution	0	0
Other staff costs	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. General expenses**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Consumables	0	0
Electricity and water expenses	0	0
Fuel and oil costs	0	0
Insurance costs	0	0
Postage	0	0
Printing and stationery	0	0
Rental costs	0	0
Security costs	0	0
Telecommunication	0	0
Bank Charges	5,179	0
Hospitality	0	0
Depreciation and amortization costs	0	0
Other expenses	0	0
<b>Total</b>	<b>5,179</b>	<b>0</b>



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**10. Gain/(loss) on disposal of assets**

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**11. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Turkana County Executive Car loan account	19,275,296	
<b>Total cash and cash equivalents</b>	<b>19,275,296</b>	

**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

		2019/2020	2018/2019
Financial institution	Account number	KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank			
Equity Bank, etc			
<b>Sub- total</b>		<b>0</b>	
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank - etc			
<b>Sub- total</b>		<b>0</b>	
<b>c) Current account</b>			
Kenya Commercial bank	1210678829	19,275,296	
Bank B			
<b>Sub- total</b>		<b>19,275,296</b>	
<b>d) Others(specify)</b>			
Cash in transit			
Cash in hand			
M Pesa			
<b>Sub- total</b>		<b>0</b>	
<b>Grand total</b>		<b>19,275,296</b>	

**12. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable		
Current portion of short term receivables from exchange transactions-Treasury borrowings		
Other exchange debtors		
Less: impairment allowance		
<b>Total Current receivables</b>		



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020

<b>Total Current receivables</b>		
<b>Non-Current receivables</b>		
Long term loan repayments due	48,509,605	
<b>Total Non- current receivables</b>	<b>48,509,605</b>	
<b>Total receivables from exchange transactions</b>	<b>48,509,605</b>	

**Additional disclosure on interest receivable**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
<b>Current loan repayments due</b>		
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		

**13. Revenue from Non-Exchange transaction**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Transfer to County Executive		
Transfer to other Fund		
<b>Total receivables from non-exchange transactions</b>		



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Prepayments**

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

**15. Inventories**

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



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
<b>At 1<sup>st</sup> July 2018</b>					
Additions					
Disposals					
Transfers/adjustments					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 1<sup>st</sup> July 2019</b>					
Additions					
Disposals					
Transfer/adjustments					
<b>At 30<sup>th</sup> June 2020</b>					
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2018</b>					
Depreciation					
Impairment					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 1<sup>st</sup> July 2019</b>					
Depreciation					
Disposals					
Impairment					
Transfer/adjustment					
<b>At 30<sup>th</sup> June 2020</b>					
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 30<sup>th</sup> June 2020</b>					

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Intangible assets-software**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>		
Additions		
<b>At end of the year</b>		
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		
Amortization		
<b>At end of the year</b>		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>		

**18. Trade and other payables from exchange transactions**

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

**19. 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				
<b>Balance at the end of the year (30.06.2019)</b>				





**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Borrowings**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Balance at beginning of the period</b>		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the period		
Repayments of domestics borrowings during the period		
<b>Balance at end of the period</b>		

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

	2019/2020	2018/2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'		
Sterling Pound denominated loan from 'yyy organisation'		
Euro denominated loan from 'zzz organisation'		
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Borrowings from other government institutions		
<b>Total balance at end of the year</b>		

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		
<b>Total</b>		



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 <sup>st</sup> 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		

**22. CHANGES IN ACCOUNTS PAYABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> 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		

**23. 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				
<b>Total employee benefits obligation</b>				



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**

Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24. Cash generated from operations**

	2019/2020	2018/2019
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>		
<b>Adjusted for:</b>		
Depreciation		
Amortisation		
Gains/ losses on disposal of assets		
Interest income		
Finance cost		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables		
Increase in payables		
<b>Net cash flow from operating activities</b>		

**25. 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



**Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund**  
**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30, 2020**

**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		
<b>Total</b>		

**d) Due from related parties**

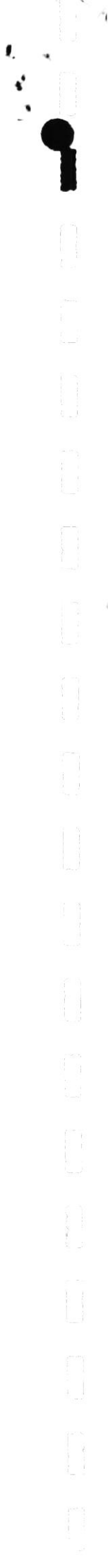
	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry		
Due from County Government		
<b>Total</b>		

**e) Due to related parties**

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
<b>Total</b>		

**26. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	2019/2020	2018/2019
	KShs	KShs
Court case xxx against the Fund		
Bank guarantees		
<b>Total</b>		





**Turkana County Executive State and Public Officers Car Loan and Mortgage  
Scheme Fund**

**Notes to the Financial Statements For the Period from 1<sup>st</sup> February 2019 to June 30,  
2020**

**11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S  
RECOMMENDATIONS**

This is the first time the Fund is being audited and thus has no prior year auditor's recommendation.

