REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

TANA RIVER COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE FUND

FOR THE YEAR ENDED 30 JUNE, 2020

TANA RIVER COUNTY STAFF CAR LOAN AND MORTGAGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED
JUNE 30, 2020

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Tana River County Staff Car loan and Mortgage Fund is established by and derives its authority and accountability from Article 230 of the constitution and section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund's objective is to facilitate car loans and mortgages to be advanced to County staff as may be prescribed by the salaries and remuneration Commission or any lawful authority in for the time being.

The Fund's principal activity is provision of car loan and Mortgage to County staffs.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to: -

Facilitate County Staff to benefit from the funded loans to purchase cars and access Mortgage facilities. It is expected that implementation of the benefits will motivate county staff and immensely contribute towards attraction and retention of requisite skills in line with the constitutional principles.

c) Loan Management Committee

Ref	Name	Position
1	Mr. Mathew Babwoya	Chairperson
2	Mr. Joshua Jara	Member
3	Mr. Ahmed Barako	Member
4	Mr. Isaiah Munje	Member
5	Mrs. Miriam Bunu	Member
6	Mr. Ali Barhe	Member
7	Mr Azikilwe Munjaumbini Lucky	Member

d) Key Management

Ref	Name	Position
1	Ahmed Barhako	Chief officer Finance and economic planning.
2	Mr Azikilwe Munjaumbini Lucky	Fund administrator
3	Mr. Ali Barhe	Director Public administration

e) **Registered Offices**

f) P.O. Box 29 - 70101
g) Office of the Governor
h) Hola, KENYA

i) **Fund Contacts**

Telephone: (254) 729058782
E-mail: N/A
Website: N/A

j) **Fund Bankers**

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Equity Bank of Kenya
   P.O. Box 75104
   Code 00200
   Nairobi.

k) **Independent Auditors**

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

l) **Principal Legal Adviser**

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

2. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Mr Ahmed Barhako	➢ Holds Bachelor degree in Commerce Finance option. ➢ Chief officer Finance and economic planning.
2. Mr Azikilwe munjaumbini Lucky	➢ Holds a bachelor degree in commerce finance option from KCA University 2013. ➢ CPA Section 111 ➢ Currently working as a finance officer with Tana River County Government previously worked as a mobi banker at KCB Hola branch
3. Mr. Ali Barhe	➢ Holds Bachelor degree in peace building and conflicts resolutions. ➢ Currently Deputy director administration and citizen participation.

3. FUND CHAIRPERSON'S REPORT

During financial year 2019/2020 Tana river County staff car loan and mortgage fund received Ksh 80,000,000 from the county treasury. The fund started operational officially during the financial year 2019/2020.
For the year 2019/2020 Members of the staff borrowed to the tune of Ksh 44,750,000 (forty four million seven hundred and fifty thousand).
57% of the loans advanced to members of the staff was on car loan and mortgage.
Car loan and mortgage fund account will improve the life of members since they are given loans to purchase land thus improving their living standards.

Signed:

Mathew Babwoya
CECM Finance and Economic planning.

4. REPORT OF THE FUND ADMINISTRATOR

Tana River county executive staff car loan and mortgage fund account has been in existence since august 2019/2020 and has been in operational to date.
During financial year 2019/2020 the Tana River staff car loan and mortgage fund received Ksh 80,000,000 (eighty million) from the county treasury. Out which Ksh 77,600,000 was the revolving fund and the balance Ksh 2,400,000 being utilized for administrative purpose (preliminary expenses)

Signed: ______________________

Mr Azikilwe Munjaumbini Lucky

5. REPORT OF THE LOAN MANAGEMENT COMMITTEE

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

Principal activities

The principal activity/mission/ mandate of the Fund is to: -

Facilitate County Staff to benefit from the funded loans to purchase cars and access Mortgage facilities. It is expected that implementation of the benefits will motivate county staff and immensely contribute towards attraction and retention of requisite skills in line with the constitutional principles.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 9.

Loan Management Committee

The members of the Loan Management Committee who served during the year are shown on page

There were no changes in the committee during the financial year:

Auditors

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

By Order of the Board

Mr Mathew Babwoya

Chairperson

Date: 30th September 2020.

6. 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 the Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018.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 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 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 Tana River. 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 Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund*'s* financial statements were approved by the Board on 30th September 2020 and signed on its behalf by:

Fund Administrator

REPUBLIC OF KENYA

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

OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Executive Staff Car Loan and Mortgage Fund set out on pages 9 to 28, which comprise of the statement of financial position as at 30 June, 2020, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tana River County Executive Staff Car Loan and Mortgage Fund as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Tana River County Staff Car Loan and Mortgage Scheme Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Expenditure

1. Purchase of Furniture & Fittings and Computers

Note 7 to the financial statement reflects property, plant and equipment expenditure of Kshs.370,000 in respect to purchase of furniture and fittings and computers. However, examination of the records provided for audit review revealed the following anomalies:-

i. There was no budgetary allocation for the procured items.

ii. Computers and furniture and fittings worth Kshs.370,000 were procured in cash instead of competitive bidding as required by the procurement Laws.

iii. Counter receipt vouchers (SI3), stores register, and counter requisition and issue vouchers (SII) were not provided for audit review to confirm the assets were actually procured, supplied, received and issued out for office use.

iv. Physical verification carried out on 22 February, 2021 revealed that there were no computers and furniture and fittings in existence.

In the circumstances, the propriety of expenditure of Kshs.370,000 as at 30 June, 2020 could not be confirmed.

2. Loan Disbursements to Staff

The statement of cash flows reflects loan disbursements totalling to Kshs.44,750,000 paid to staff of the Tana River County Executive for purchase of cars and mortgage facilities. However, audit review of the records provided revealed the following anomalies:

i. Loans totalling Kshs.14,000,000 were disbursed without relevant supporting documentations including duly filled and approved loan application forms, tracking/alarm installation certificate and car valuation reports. Further documents supporting legal acquisition of properties which include valuation report from registered valuers, fee note for professional undertaking by appointed lawyers, evidence of payment of stamp duty, official search documents of the property being purchased and official transfers dully filled were not provided in support of the payments.

ii. Logbooks for two (2) cars purchased under the staff car loan and mortgage scheme were registered in the names of the staff members, contrary to the regulations which required assets purchased under the scheme to be jointly owned by the staff members and the Fund until when the member repays the loan fully. In this regard, the loan advanced to members are unsecured.

iii. There was no documentary evidence provided to show that the members of the scheme who were advanced loans totalling Kshs.44,750,000 had signed irrevocable letters providing authority for pension dues or gratuity to be utilized to clear outstanding debt in the event the member loses his job or is unable pay his loan contrary to Section 11(2) of the Regulations.

iv. There was no evidence provided to confirm the properties and cars acquired had been comprehensively insured contrary to Section 14(1) of the Regulations of the Fund which requires every loan granted under this regulation shall be comprehensively insured by the beneficiary.

In view of the above, the propriety of the loan disbursement of Kshs.44,750,000 advanced to the members as at 30 June, 2020 could not be confirmed.

3. Fund Expenses

The statement of financial performance reflects fund administration expenses of Kshs.249,800 and general expenses of Kshs.217,951 totalling Kshs.467,751 as at 30 June, 2020. However, examination of payment vouchers and other supporting documents revealed that the payments totalling Kshs.403,800 were not supported with minutes of the committees, invitation letters and attendance register for meetings. Further, the schedule supporting the payments were not signed by the members receiving the allowances.

In the circumstances the propriety of expenditure of Kshs.403,800 as at 30 June, 2020 on fund administration and general expenses could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.82,322,698 and Kshs.45,217,751 respectively resulting to under-funding of Kshs.37,104,947 or 45% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Tana River County.

Further, the Fund received Kshs.80,000,000 as capital grant from Tana River County Executive for the year under review. However, contrary to Section (31)(E) (ii), of the Public Finance Management (County Governments) Regulations, 2015 which requires that budget appropriation shall be for a specific purpose or a specific programme or item of expenditure, Management did not provide a detailed breakdown on how the grant was to be utilized in form of specific programmes or the items of expenditure.

Consequently, Management is in breach of the law.

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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Unreviewed Cash Book

Examination of the Fund cash book revealed that it was not regularly checked by a senior officer. Further, there was no evidence that a board of survey was conducted at the closure of the financial year.

In the circumstances, it has not been possible to confirm the effectiveness of the Fund's internal control on cash and bank management.

2. Lack of Risk Management Policy

The Fund has no risk management policy contrary to the requirements of Treasury Circular No.3/2009 of 23 February, 2009 which required all heads of public institutions to develop and implement a risk management framework as a fundamental step towards establishing an accountable and innovative public service. It was also noted that Management did not perform formal a risk assessment during the year under review.

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

Auditor-General's Responsibilities for the Audit

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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal 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 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

08 February, 2022

FINANCIAL STATEMENTS

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

	Note	2019/2020
		KShs
Revenue from non-exchange transactions		
Transfers from the County Government	1	2,400,000.00
		2,400,000.00
Revenue from exchange transactions		
Interest income	2	2,322,698.00
		2,322,698.00
Total revenue		**4,722,698.00**
Expenses		
Fund administration expenses	3	249,800.00
General expenses	4	217,951.00
Total expenses		**467,751.00**
Surplus/(deficit) for the period		**4,254,947.00**

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 30th September 2020 and signed by:

Chief Officer Finance & Economic planning
Name: Ahmed Barhako

Fund Administrator
Name: Azikilwe Lucky

6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020
		KShs
Assets		
Current assets		
Cash and cash equivalents	5	37,216,470.00
Receivables from exchange transactions	6	44,329,308.00
		81,545,778.00
Non-current assets		
Property, plant and equipment	7	309,169.00
Total assets		**81,854,947.00**
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions		00.00
Provisions		00.00
Current portion of borrowings		00.00
Non-current liabilities		
Long term portion of borrowings		00.00
Total liabilities		**00.00**
Net assets		**81,854,947.00**
Revolving Fund		77,600,000.00
Reserves		00.00
Accumulated surplus		4,254,947.00
Total net assets and liabilities		**81,854,947.00**

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 30th September 2020 and signed by:

Chief Officer Finance & Economic planning
Name: Ahmed Barhako

Fund Administrator
Name: Azikilwe Lucky

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

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2019	**00.00**	**00.00**	**00.00**
Surplus/(deficit) for the period		4,254,947	4,254,947
Funds received during the year	77,600,000	-	77,600,000
Revaluation gain	00.00	-	00.00
Balance as at 30 June 2020	**77,600,000**	**4,254,947**	**81,854,947**

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

	Note	2019/2020
		KShs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	1	2,400,000.00
Interest received	2	2,322,698.00
Total Receipts		**4,722,698.00**
Payments		
Fund administration expenses	3	(249,800.00)
General expenses	4	(217,951.00)
Adjusted for:		
Decrease/(Increase) in Accounts receivable:	6	**(2,088,336.00)**
Depreciation		60,831.00
Net cash flows from operating activities	a	**2,227,442.00**
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(370,000.00)
Proceeds from sale of property, plant and equipment		00.00
Proceeds from loan principal repayments		2,509,028.00
Loan disbursements paid out		(44,750,000.00)
Net cash flows used in investing activities	b	**(42,610,972.00)**
Cash flows from financing activities		
Proceeds from revolving fund receipts		77,600,000.00
Additional borrowings		00.00
Repayment of borrowings		(00.00)
Net cash flows used in financing activities	c	**77,600,000.00**
Net increase/(decrease) in cash and cash equivalents	(a+b+c)	**37,216,470.00**
Cash and cash equivalents at 1 JULY	5	00.00
Cash and cash equivalents at 30 JUNE	5	**37,216,470.00**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
Revenue	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	
Transfers from County Govt.	80,000,000	00.00	80,000,000	80,000,000	00.00	100%
Interest income	2,322,698	00.00	2,322,698	2,322,698	00.00	100%
Total income	**82,322,698**	**00.00**	**82,322,698**	**82,322,698**	**00.00**	
Expenses						
Fund administration expenses	1,400,000	00.00	1,400,000	249,800	1,150,200	17.84%
General expenses	960,000	00.00	960,000	217,951	742,049	22.70%
Loans to staff	78,022,698	00.00	78,022,698	44,750,000	33,272,698	57.36%
Insurance on loans	1,940.000	00.00	1,940,000	00.00	1,940,000	0.00%
Total expenditure	**82,322,698**	**00.00**	**82,322,698**	**45,217,751**	**37,104,947**	
Surplus for the period	**00.00**	**00.00**	**00.00**	**37,104,947**	**(37,104,947)**	

6.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2022:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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;

Standard	Effective date and impact:
	• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2022** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2022:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	**Applicable: 1st January 2021:** a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

Standard	Effective date and impact:
	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 **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. 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
	IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued

c) Early adoption of standards

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

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 19th July 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund has not recorded additional appropriations on the FY 2019/2020 budget.

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

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

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.

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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

Contingent assets

The Fund 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 Fund creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates The Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

11. Employee benefits – Retirement benefit plans

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.

12. 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.

13. 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.

14. Related parties

The Fund 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.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The Fund is a County Public Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration commission Act ,2011 and Tana River Staff car loan and mortgage regulations of 2018 under the Ministry of Finance and economic planning. Its ultimate parent is the County Government of Tana River.

19. Currency

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

20. Significant judgments and sources of estimation uncertainty

The preparation of the Fund 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.

21. 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
At 30 June 2019		
Receivables from exchange transactions	00.00	00.00
Bank balances	00.00	00.00
Total	**00.00**	**00.00**

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 does not have significant concentration of credit risk on amounts due.

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.

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. 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 4,254,974 (2020: KShs 00.00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax .

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
	KShs
Revolving fund	77,600,000.00
Accumulated surplus	4,254,947.00
Total funds	**81,854,947.00**
Total borrowings	00.00
Less: cash and bank balances	(37,268,470.00)
Net debt/(excess cash and cash equivalents)	44,586,477.00
Gearing	54.47%

NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2019/2020
	KShs
Transfers from County Govt. – operations	2,400,000.00
Payments by County on behalf of the entity	00.00
Total	**2,400,000.00**

2. Interest income

Description	2019/2020
	KShs
Interest income from Mortgage loans	1,979,868.00
Interest income from car loans	342,830.00
Total interest income	**2,322,698.00**

3. Fund administration expenses

Description	2019/2020
	KShs
Staff travelling and accommodation costs	44,800.00
Administration fees	205,000.00
Total	**249,800.00**

4. General expenses

Description	2019/2020
	KShs
Insurance costs	00.00
Printing and stationery	91,000.00
Telecommunication	00.00
Computer maintenance	15,000.00
Fuel costs	48,000.00
Depreciation & Amortization costs	60,831.00
Bank Charges	3,120.00
Total	**217,951.00**

5. Cash and cash equivalents

Description	2019/2020
	KShs
Tana River County staff car & mortgage account	37,216,470.00
On – call deposits	00.00
Total cash and cash equivalents	**37,216,470.00**

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

		2019/2020
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank		00.00
Equity Bank	1210277984993	37,216,470.00
Sub- total		**37,216,470.00**
b) Others(specify)		
Cash in hand		00.00
M Pesa		00.00
Sub- total		**00.00**
Grand total		**37,216,470.00**

6. Receivables from exchange transactions

Description	2019/2020
	KShs
Current Receivables	
Interest receivable	2,088,336.00
Total Current receivables	**2,088,336.00**
Non-Current receivables	
Long term loan repayments due	42,240,972.00
Total Non- current receivables	**42,240,972.00**
Total receivables from exchange transactions	**44,329,308.00**

Additional disclosure on interest receivable

Description	2019/2020
	KShs
Interest receivable	
Interest receivable from current portion of long-term loans issued in the current year	2,322,698.00
Current loan repayments due	
Current portion of long-term loans issued in the current year	44,750,000.00

7. Property, plant and equipment

Cost	Furniture and fittings	Computers and office equipment	Total
	KShs	KShs	KShs
	12.5%	**33.33%**	
At 1st July 2019	**00.00**	**00.00**	**00.00**
Additions	300,000.00	**70,000.00**	**370,000.00**
Disposals	**(00.00)**	**(00.00)**	**(00.00)**
Transfers/adjustments	**00.00**	00.00	**00.00**
At 30th June 2020	**300,000.00**	**70,000.00**	**370,000.00**
Depreciation and impairment			
At 1st July 2019	(00.00)	(00.00)	**(00.00)**
Depreciation	(37,500.00)	(23,331.00)	**(60,831.00)**
Impairment	(00.00)	(00.00)	**(00.00)**
At 30th June 2020	**(37,500.00)**	**(23,331.00)**	**(60,831.00)**
Net book values	**262,500.00**	**46,669.00**	**309,169.00**

8. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020
	KShs
Account receivable as at 1st July 2019 (A)	00.00
Account receivable issued during the year (B)	47,072,698.00
Account receivable settled during the Year (C)	(2,743,390.00)
Net changes in account receivables D= A+B-C	**44,329,308.00**

9. Cash generated from operations

	2019/2020
	KShs
Surplus/ (deficit) for the year before tax	**4,254,947.00**
Adjusted for:	
Depreciation	60,831.00
Net cash flow from operating activities	**4,315,778.00**

10. 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) Key management;

b) Related party transactions

	2019/2020
	KShs
Transfers from County Government	80,000,000.00

c) Key management remuneration

	2019/2020
	KShs
Key Management Compensation	205,000.00
Total	**205,000.00**

Signed: ______________________

Mr Ahmed Barhako

Chief Officer finance and economic planning