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OF

THE AUDITOR-GENERAL

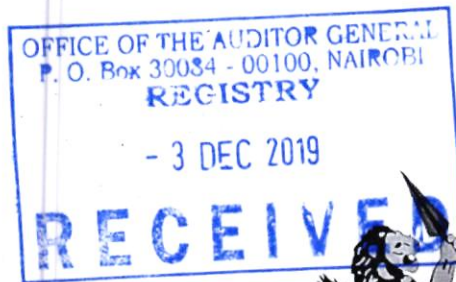
ON

**COUNTY ASSEMBLY OF TAITA TAVETA
 CAR LOAN SCHEME FUND**

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



**The County Assembly of Taita Taveta Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2019**



THE COUNTY ASSEMBLY OF TAITA TAVETA CAR LOAN SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2019

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

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**The County Assembly of Taita Taveta Car Loan Scheme Fund
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For the year ended 30th June, 2019**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Taita Taveta Revolving Car Loan Scheme is constituted as per the constitution of Kenya it's headed by the Speaker, who is responsible for the general policy and strategic direction of the County Assembly.

b) Key Management

The Fund's day-to-day management is under the following key organs:

S/NO	NAME	DESIGNATION
1	HON.JASON TUJA	Leader of Majority- Chairperson
2	HON. RONALD SAGURANI	Leader of Minority- Vice -Chairperson
3	HON.GODWIN KILELE	MCA, Budget chair - Member
4	HON. IBRAHIM JUMA	MCA, Minority Wipe - Member
5	MR. RAYMOND MWANGOLA	External Member of CASB - Member

c) Fiduciary Management

The key management personnel who held office during the year ended June 30, 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Accounting Officer	Gadiel Mnyambo Maganga
2	Committee Secretary	Joseph Waduu

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

1. *County Assembly Public Accounts Committee*
2. *Office of The Controller of Budget*



The County Assembly of Taita Taveta Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2019

e) Entity Headquarters

County Assembly Headquarter
P.O. Box 1066 - 80304
Wundanyi, KENYA.

f) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Cooperative Bank of Kenya
P.o. Box 770 -80300
VOI, Kenya

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

**The County Assembly of Taita Taveta Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2019**

2. FORWARD NOTE BY THE CLERK OF THE COUNTY ASSEMBLY

The Taita Taveta Revolving Car Loan Scheme fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements

For proper management of the fund, the Taita Taveta Revolving Car Loan Scheme Fund adopted Public Finance Management (Taita Taveta Revolving Car Loan Scheme fund) Regulations 2014 to guide operationalization of the Fund.

The Fund started its operations in 2014 following the gazettelement of the Taita Taveta Revolving Car Loan Scheme regulation 2014. It received an initial amount of Ksh.60M.

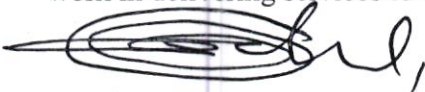
The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising there from the County Assembly Committee Members approved and adopted the Staff Loans Policy Paper on 27th March 2014. On 20th August 2014 the Fund Committee Members approved and adopted the guidelines on internal administration of the Car Loan Scheme Funds.

Conclusion

FY 2018/2019 is a good year in general. Good progress is made and the momentum has been created to enable Taita Taveta Revolving Car Loan Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in this year.

I take this opportunity to thank the Hon Speaker and Members of County Assembly for their support. I would also want to thank my colleagues, All Heads in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County Assembly achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County



Clerk of the County Assembly

**The County Assembly of Taita Taveta Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2019**

3. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Taita Taveta Revolving Car Loan Scheme Fund Financial Statements for the year ended 30th June 2019. The financial statements present the financial performance of the fund over the past year.

The fund was established on 27th March 2014 and started with an initial amount of Kshs60M. Since then, a total of 49 loan beneficiaries have made borrowings amounting to Kshs51 M.

Financial Performance

a) Revenue

In the year ended 30th June, 2019, the fund had projected revenues of Kshs 30,000,000. Consisting of Kshs 28.5 million as Transfers from Govt and Kshs 1.5 million as interest Receivable. Due to cash flow challenges, the fund couldn't realise the budget.

b) Loans

During the financial year 2018/2019, the fund disbursed 21 additional loans.

c) Cash flows

In the FY 2018/2019, the cash and cash equivalents decreased from KShs 732,512 as at 30th June 2018 to KShs 93,171 as at 30th June 2019.

d) Conclusion

FY 2018/2019 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta Revolving Car Loan Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Taita Taveta Revolving Car Loan Scheme Fund achieves its mission.

Signed: _____



Fund Administrator-Car Loan

4. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Taita Taveta County Gazette Supplementary No. 16, 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, 2019. 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 Taita Taveta County Gazette Supplementary No. 16. 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, 2019, 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 on 7th November, 2019 and signed on its behalf by:



Fund administrator –Car Loan

**5. REPORT OF THE INDEPENDENT AUDITOR OF TAITA TAVETA REVOLVING
CAR LOAN SCHEME FUND FINANCIAL STATEMENTS**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF TAITA TAVETA CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Taita Taveta Car Loan Scheme Fund set out on pages 8 to 33, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 County Assembly of Taita Taveta Car Loan Scheme Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with County Assembly of Taita Taveta Car Loan Scheme Fund Regulations, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unexplained Balances

1.1 Revaluation Loss

The statement of changes in net assets for the year ended 30 June, 2019 reflects revaluation loss of Kshs.2,162,953 which was not explained or supported by way of a disclosure note.

1.2 Restated Reserves and Surplus Balances

The statement of financial position as at 30 June, 2019 reflects restated comparative balance of reserves and deficit of Kshs.1,500,947 and Kshs.1,887,522 respectively which have no disclosure note to explain the nature of these restatements.

Consequently, the financial statements presented for the year ended 30 June, 2019 do not conform to International Public Sector Accounting Standard No.1 on presentation of financial statements as prescribed and published by the Public Sector Accounting Standards Board.

2. Unsupported Loan Disbursements

As previously reported, the statement of cash flows for the year ended 30 June, 2019 reflects loan disbursements paid out balance of Kshs.29,446,000 (2017/2018 – Kshs.17,780,779). However, the loans disbursed were not supported with sale agreements or duly completed hire purchase forms, contrary to Regulation 7(1) of the Taita Taveta County Assembly Car Loan Scheme Fund Regulations, 2019 which requires that a member of the Scheme wishing to apply for a loan from the Fund to present to the officer administering the Fund the following;

- a) a sale agreement or a duly completed hire purchase proposal form in such form as the committee may prescribe;
- b) a valuation report of the vehicle from government registered agency.

Further, and as previously reported, original log-books to confirm that the vehicles are jointly registered between the County Assembly Service Board of Taita Taveta and the beneficiaries were not availed for audit review. This is contrary to Regulation 8(2) of the Taita Taveta County Assembly Car Loan Scheme Fund Regulations, 2019 which requires that the log-book of a vehicle subject to a loan from the Fund to be registered and issued jointly between the County Assembly Service Board of Taita Taveta and the member of the Scheme and should be kept in safe custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme.

Consequently, the ownership and valuation of loan disbursements of Kshs.29,446,000 for the year ended could not be confirmed.

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

As previously reported, the statement of financial position as at 30 June, 2019 reflects current portion of long term receivables from exchange transactions balance of Kshs.51,369,348 as disclosed in Note 12 to the financial statements. Included in this balance is current portion of long-term receivables from exchange transactions balance of Kshs.17,634,034 of which Kshs.1,021,385.25 relates to loans owed by eleven (11) former Members of County Assembly who have defaulted in repaying the loans. The loans have since accrued interest amounting to Kshs.59,081.36 for the year under review, (2017/2018 - Kshs.25,087), all totalling to Kshs.84,168.36 as at 30 June, 2019.

Consequently, the recoverability of the loan balance of Kshs.1,021,385.25 and the accuracy and completeness of current portion of long-term receivables from exchange transactions balance of Kshs.17,634,034 as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget

During the year under review, the Fund had an approved revenue budget of Kshs.30,000,000 against actual revenue of Kshs.19,486,319 or 65%, resulting to a revenue shortfall of Kshs.10,513,681 or 35% as summarized below:

	Approved Budget	Actual Revenue	Revenue Shortfall	
Revenue	(Kshs.)	(Kshs.)	(Kshs.)	%
Transfers from County Government	28,500,000	18,455,000	10,045,000	35
Interest Income	1,500,000	1,031,319	468,681	31
Total	30,000,000	19,486,319	10,513,681	35

The above summary indicates that the Fund had a revenue shortfall of Kshs.10,513,681 which could be due to unrealistic over budgeting of transfers from the County Government of Kshs.10,045,000. This is contrary to Regulation 29(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires all services which can be reasonably foreseen to be included in the estimates and that the estimates are as complete as possible.

Consequently, the Fund may not meet its core mandate of giving car loans to Members and staff of Taita Taveta County Assembly, a situation which may negatively affect service delivery.

1.2 Expenditure Budget

During the year under review, the County Assembly of Taita Taveta Revolving Car Loan Scheme Fund had a total expenditure budget of Kshs.30,000,000 against actual

expenditure of Kshs.30,067,690, resulting to net over absorption of Kshs.67,690 or 0.1 % as summarized below:

Details	Approved Budget	Actual Expenditure	Under Absorption	Over Absorption	
Expenses	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	%
Fund Administration Expenses	610,000	608,400	1,600		0.3
General Expenses	15,000	13,290	1,710		11.4
Loans Advanced	29,375,000	29,446,000		71,000	0.2
Total	30,000,000	30,067,690	3,310	71,000	0.2

The budget was not executed as per Regulation 29(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires all services which can be reasonably foreseen to be included in the estimates and that the estimates are as complete as possible. Further, approval of the County Assembly for the over expenditure of loans advanced of Kshs.71,000 or 0.2% was not availed for audit review.

As a result, there is need for the Fund Administrator to evaluate budget making mechanism with a view to allocating more resources to loan advances to achieve the intended objective of the Fund.

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 Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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. Irregular Issuance of Loan

The statement of cash flows for the year ended 30 June, 2019 reflects loan disbursements paid out of Kshs.29,446,000. Included in this amount is Kshs.2,500,000 which was advanced to a Member of County Assembly (MCA) who had an outstanding loan balance of Kshs.2,058,415 as at 1 July 2018. As at 30 June, 2019, the total outstanding loan balance for the MCA was Kshs.3,657,383. This is contrary to Regulation 10 of the Taita Taveta County Assembly Car Loan Scheme Fund Regulations, 2019 which sets the maximum amount of loan to be granted to a member of County Assembly at two million shillings.

Consequently, the Fund Management is in breach of the Law.

2. Irregular Transfer from the Fund

As previously reported, Note 12 to the financial statements for the year ended 30 June, 2019 reflects receivables from exchange transactions balance of Kshs.85,699,557. Included in this balance is Kshs.7,918,059 comprising Kshs.3,950,000 receivable from County Assembly Mortgage Fund and Kshs.3,968,059 receivable from County Assembly. The transfer was contrary to Section 116 (4) of the Public Finance Management Act, 2012 which requires the Administrator of a county public fund to ensure that money held in the Fund, including any earnings or accruals is spent only for the purposes for which the Fund is established.

Consequently, the Fund Management is in breach of the Law.

3. Failure to Insure Loans Disbursed

Note 12 to the financial statements reflects receivables from exchange transactions balance of Kshs.85,699,557. Included in this balance is outstanding loans balance of Kshs.51,964,243 comprising current portion of long-term receivables from exchange transactions balance of Kshs.17,634,034 and long-term receivables from exchange transactions balance of Kshs.34,330,209. However, the outstanding balance had not been insured, contrary to Regulation 13 (3) of the Taita Taveta County Assembly Car Loan Scheme Fund Regulations, 2019 which requires every loan granted to be insured for the benefit of the Member of the Scheme and the Taita Taveta County Assembly Car Loan Fund.

Consequently, the Fund is in breach of the Law and recoverability of Kshs.51,964,243 in case of default for the year ended 30 June, 2019 could not be confirmed.

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 Qualified Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections 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

Failure to Develop Risk Management Strategy

The County Assembly of Taita Taveta Revolving Car Loan Scheme Fund Board has not developed risk management strategies. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust business operations. Failure to develop a risk management strategy may impair the effectiveness of the Board in managing a robust business operation of the Fund'.

Consequently, the Fund management did not comply with the Law and its effectiveness in handling risks could not be ascertained.

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 Fund's ability to sustain services disclosing, as applicable, matters related 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 of the Fund 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 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 Fund's 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 sustainability of services basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

28 October, 2021

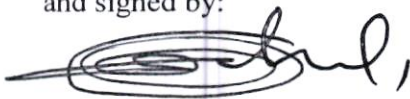
Report of the Auditor-General on County Assembly of Taita Taveta Car Loan Scheme Fund for the year ended 30 June, 2019

The County Assembly of Taita Taveta Car Loan Scheme Fund
 Reports and Financial Statements
 For the year ended 30th June, 2019

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

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	1,031,319	687,169
Other income	5	-	-
Total revenue		1,031,319	687,169
Expenses			
Fund administration expenses	6	608,400	1,216,800
General expenses	8	13,290	9,606
Finance costs	9	-	-
Total expenses		621,690	1,226,406
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		409,629	(539,237)

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 7th November, 2019 and signed by:



Clerk of the Assembly



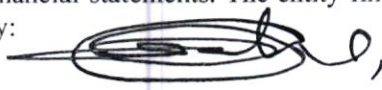
Fund Administrator – Car Loan Fund

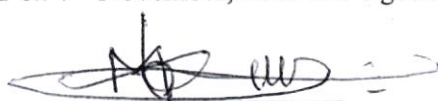
The County Assembly of Taita Taveta Car Loan Scheme Fund
 Reports and Financial Statements
 For the year ended 30th June, 2019

5.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Assets			Restated
Current assets			
Cash and cash equivalents	11	93,171	732,512
Current Receivables from exchange transaction	12	51,369,348	42,000,451
Prepayments	13	522,373	-
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	34,330,209	26,880,462
Total assets		86,315,101	69,613,425
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		-	-
Net assets		86,315,101	69,613,425
Revolving Fund		88,455,000	70,000,000
Reserves		(662,006)	1,500,947 *
Surplus/(deficit) for the period		(1,477,893)	(1,887,522)
Total net assets and liabilities		86,315,101	69,613,425

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 7th November, 2019 and signed by:


 Clerk of the Assembly


 Fund Administrator – Car Loan Fund

The County Assembly of Taita Taveta Car Loan Scheme Fund
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5.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
		Restated		
Balance as at 1 July 2017	60,000,000	59,681	(1,348,285)	58,711,396
Surplus/(deficit) for the period	-	-	(539,237)	(539,237)
Funds received during the year	10,000,000	-	-	10,000,000
Revaluation gain	-	1,441,266	-	1,441,266
Balance as at 30 June 2018	70,000,000	1,500,947	(1,887,522)	69,613,425
Balance as at 1 July 2018	70,000,000	1,500,947	(1,887,522)	69,613,425
Surplus/(deficit) for the period	-	-	409,629	409,629
Funds received during the year	18,455,000	-	-	18,455,000
Revaluation gain	-	(2,162,953)	-	(2,162,953)
Balance as at 30 June 2019	88,455,000	(662,006)	(1,477,893)	86,315,101

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 7th November, 2019 and signed by:



Clerk of the Assembly



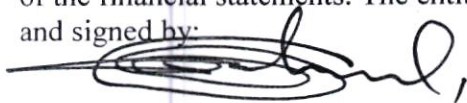
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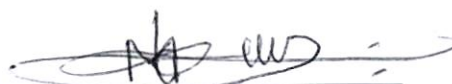
5.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received	4	814,064	662,082
Receipts from other operating activities	5	-	-
Total Receipts		814,064	662,082
Payments			
Fund administration expenses	6	608,400	1,216,800
General expenses	8	13,290	9,606
Finance cost		-	-
Total Payments		621,690	1,226,406
Net cash flows from operating activities		192,374	(564,324)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	25	10,159,284	12,083,052
Loan disbursements paid out	24	(29,446,000)	(17,780,779)
Net cash flows used in investing activities		(19,286,716)	(5,697,727)
Cash flows from financing activities			
Proceeds from revolving fund receipts	2	18,455,000	10,000,000
Additional borrowings		-	-
Repayment of borrowings		-	(4,620,487)
Net cash flows used in financing activities		18,455,000	5,379,513
Net increase/(decrease) in cash and cash equivalents		(639,341)	(882,539)
Cash and cash equivalents at 1 JULY 2018	11	732,512	1,615,051
Cash and cash equivalents at 30 JUNE 2019	11	93,171	732,512
		93,171	732,512

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 7th November, 2019 and signed by:



Clerk of the Assembly



Fund Administrator – Car Loan Fund

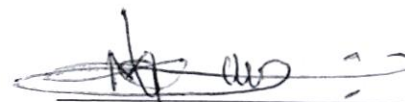
5.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	0%
Transfers from County Govt.	13,500,000	15,000,000	28,500,000	18,455,000	10,045,000	65%
Interest income	1,500,000		1,500,000	1,031,319	468,681	69%
Other income				-	-	0%
Total income	15,000,000	15,000,000	30,000,000	19,486,319	10,513,681	65%
Expenses						
Fund administration expenses	610,000		610,000	608,400	1,600	100%
General expenses	15,000	-	15,000	13,290	1,710	89%
Finance cost	-	-	-	-	-	0%
Loans Advanced	14,375,000	15,000,000	29,375,000	29,446,000	(71,000)	100%
Total expenditure	15,000,000	15,000,000	30,000,000	30,067,690	(67,690)	100%
Surplus for the period	-	-	-	(10,581,371)	10,581,371	

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 7th November, 2019 and signed by:



Clerk of the Assembly



Fund Administrator – Car Loan Fund

5.6. 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 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2019 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

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

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly 30th June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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 - of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an 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 cashflows 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 an 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 recognized as well as through the effective interest method amortization process.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. 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.

11. 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.

12. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

13. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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.

14. Comparative figures

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Events after the reporting period

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

16. Currency

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

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6. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

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

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – Treasury	8,000,000	10,000,000
Transfers from County Govt. – Mortgage Account	10,455,000	-
Total	18,455,000	10,000,000

3. Fines, penalties and other levies

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

4. Interest income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans Car loans	814,064	662,082
Interest Accrued from Car Loans	217,255	25,087
Total interest income	1,031,319	687,169

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

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

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

6. Fund administration expenses

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Staff costs (Note 7)	608,400	1,216,800
Loan processing costs	-	-
Professional services costs	-	-
Total	608,400	1,216,800

7. Staff costs

Description	FY 2018/2019	FY 2017/2018
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	608,400	1,216,800
Total	608,400	1,216,800

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses-Bank Charges	13,290	9,606
Total	13,290	9,606

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest on Bankoverdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain on disposal of assets

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

11. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	93,171	732,512
Others	-	-
Total cash and cash equivalents	93,171	732,512

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	FY2018/2019	FY2017/2018
Financial institution	KShs	KShs
a) Fixed deposits account		
Kenya Commercial bank	-	-
Equity Bank, etc	-	-
Sub- total	-	-
b) On - call deposits		
Kenya Commercial bank	-	-
Equity Bank - etc	-	-
Sub- total	-	-
c) Current account		
Coop Bank	93,171	732,512
Bank B	-	-
Sub- total	93,171	732,512
d) Others(specify)		
Cash in transit	-	-
Cash in hand	-	-
M Pesa	-	-
Sub- total	-	-
Grand total	93,171	732,512

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12. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	217,255	25,087
Current portion of long-term receivables from exchange transactions	17,634,034	8,457,305
Other exchange debtors-Treasury	25,600,000	25,600,000
Receivable from Mortgage	3,950,000	3,950,000
Receivable from County Assembly	3,968,059	3,968,059
Less: impairment allowance	-	-
Total Current receivables	51,369,348	42,000,451
Non-Current receivables		
Long term receivables from exchange transactions	34,330,209	26,880,462
Total Non-current receivables	34,330,209	26,880,462
Total receivables from exchange transactions	85,699,557	68,880,913

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Loan prepaid	522,373	
Total	522,373	-

14. Inventories

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

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

17. Trade and other payables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic's borrowings during the period	-	-
Balance at end of the period	-	-

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

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

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

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

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	FY2018/2019	FY2017/2018
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Gains/losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

22. Related party balances

a) Nature of related party relationships

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

e) Due to related parties

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

23. Contingent assets and contingent liabilities

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

(Give details)

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24 Loan disbursements paid out

	FY2018/2019	FY2017/2018
	KShs	KShs
Loan disbursements paid out	29,446,000	17,780,779
Total	29,446,000	17,780,779

25 Proceeds from loan principal repayments received

	FY2018/2019	FY2017/2018
	KShs	KShs
Loan principal receivable	10,973,348	12,083,052
less loan principal Accrued	814,064	-
Total	10,159,284	12,083,052

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7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Presentation of the Financial Statements		Joseph Waduu	On Progress	30 th June 2019
2.0	Outstanding Loan Balance		Joseph Waduu	On Progress	30 th June 2019
3.0	Budget Utilization		Joseph Waduu	On Progress	30 th June 2019

