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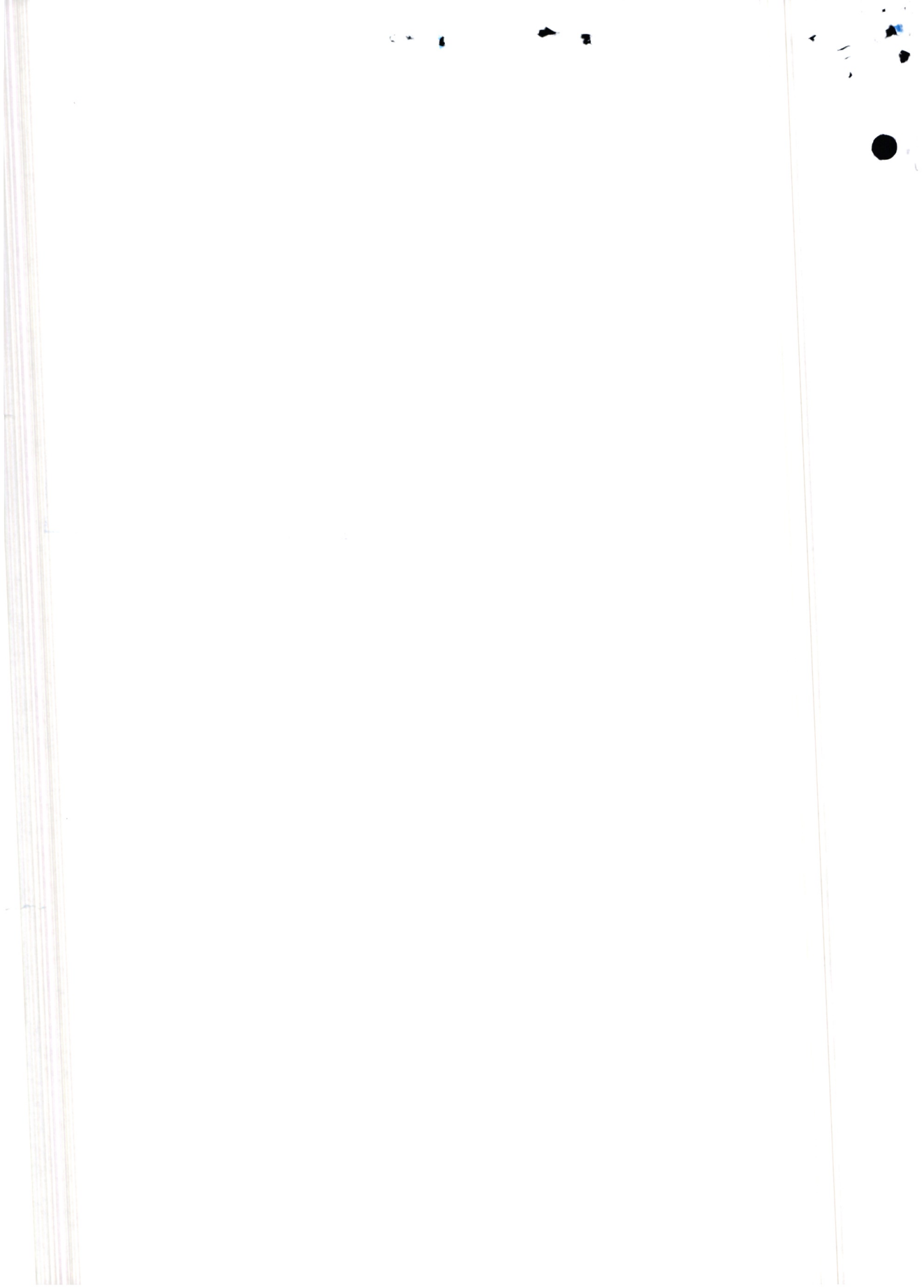
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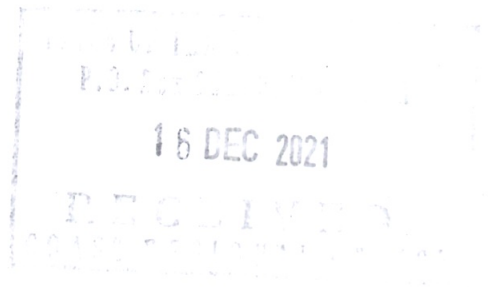
THE AUDITOR-GENERAL

ON

**TAITA TAVETA COUNTY EXECUTIVE STAFF
 CAR LOAN AND MORTGAGE REVOLVING
 FUND**

**FOR THE YEAR ENDED
 30 JUNE, 2021**





**TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE
REVOLVING FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2021**

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**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County Government of Taita Taveta Executive Staff Car Loan and Mortgage Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Taita Taveta County Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund. The fund has been internally administered in the county government by the Fund Administrator

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol III (128) dated 17th December 2014 provided guidelines for access of Mortgage and mortgage benefits by state and public officers. Arising therefrom, the County Assembly approved and adopted the Staff Loans Policy Paper on 1st March 2016

The fund is wholly owned by the county government of Taita Taveta and is domiciled in Kenya

The Fund's principal activity is to provide a loan fund for the purchase of vehicle, purchase of house or land for development, renovation or repair of residential property to members of the fund.

b) Principal Activities

The Principle purpose of this scheme is to facilitate County employees to benefit from Government funded loans to purchase cars and access mortgage facilities as per SRC circular

c) Fund Administration Committee

Ref	Position	Name
	Chairperson of the Board(CCO- Finance)	Ms. Joyce Kambe Mwachia, CPA (K)
1	Chief Officer –Lands	Mr. Reuben Ngeti
2	Chief Officer – Public Works	Mr. Leonard Langat
3	Legal Officer	Mr. Edwin Chahilu
4	Pay roll Manager	Mr. Joseph Kenyatta
5	Fund Administrator	CPA Erick Mwamburi

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d) Key Management

Ref	Position	Name
1	Chief Officer – Finance & Planning	CPA Joyce Kambe Mwachia
2	Fund Manager/ Administrator	CPA Erick Mwamburi

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2021 were:

- 1.) County Assembly of Taita Taveta County
- 2.) County Audit Committee
- 3.) County Budget and Economic Forum (CBEF)

f) Registered Offices

P.O. Box 1066-80304

Wundanyi

g) Fund Contacts

Telephone: 0788186436/0718988717

E-mail: info@taitataveta.go.ke

Website: www.taitataveta.go.ke

h) Fund Bankers

1. Kenya Commercial Bank

Wundanyi Branch

P.O. Box 1067-80304

Wundanyi.

i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200




Nairobi, Kenya

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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2. FUND ADMINISTRATION COMMITTEE

Ref	Name	Position / Qualification
		<p><u>CPA Joyce K Mwachia -CCO Finance & Planning</u> Holds a MSc Business Admn and BCom business administration He has Vast experience in Finance & accounting</p>
2		<p><u>CPA Leonard Langat -CCO Finance & Planning</u> Holds a MSc Business Admn and BCom business administration He has Vast experience in Finance & accounting</p>
3		<p><u>Mr. Reuben Ngeti -CCO-LENAR</u> Holds a Masters of Arts- Urban and Regional planning and has a vast experience in Urban planning.</p>

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4		<p><u>Mr. Edwin Chahilu -Legal Officer</u> Holds a Bachelor of law and Diploma in Law from Kenya School of Law and he is an advocate of High Court.</p>
5		<p><u>Mr. Joseph Kenyatta- Pay roll Manager</u> Holds a MSc- Human Resource mgt and has a vast experience in payroll matters.</p>
6		<p><u>CPA Erick Mwamburi-Fund Administrator</u> Holds a Bachelor of Commerce -Accounting BCom- accounts and CPA(K) He has vast experience in Financing and Accounting.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund plan are to:

- a) Provide funds for purchase of motor vehicle.
- b) Provide housing or land for residential to staff and management.



Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund	To support staff and members to acquire motor Vehicle , Residential house or Land at an affordable facility	Increased number of staff members owning vehicles and homes in the County	% of applicants	In FY 20/21 we increased Motor vehicle application by 29%. Increased number of Housing application by 24%.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

4. MANAGEMENT TEAM

Ref	Name	Position / Qualification
1		<p><u>CPA Joyce K Mwachia -CCO Finance & Planning</u> Holds a MSc Business Admn and BCom business administration He has Vast experience in Finance & accounting</p>
2		<p><u>CPA Erick Mwamburi-Fund Administrator</u> Holds a Bachelor of Commerce -Accounting BCom- accounts and CPA(K) He has vast experience in Financing and Accounting.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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5. FORWARD NOTE BY THE CEC –FINANCE AND PLANNING

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving 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 County Executive adopted Public Finance Management (Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund) Regulations 2015 to guide operationalization of the Fund.

The Fund started operations in 1st March 2016 following the gazettelement of the Taita Taveta County Executive Employees Car Loan and mortgage regulation 2018. It received an initial amount of Ksh.4M.

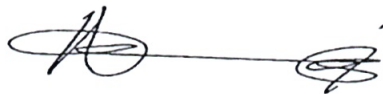
The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising therefrom the County Executive Committee Members approved and adopted the Staff Loans Policy Paper on 17th March 2015. On 20th August 2015 the Fund Committee Members approved and adopted the guidelines on internal administration of the Car Loan and Mortgage Scheme Funds with effect from 1st March 2016.

Conclusion

FY 2020/21 is a good year in general. Good progress is made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County 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



Andrew Kubo Mlawasi

CECM - Finance and Economic Planning

County Government of Taita Taveta

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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For the year ended June 30, 2021.**

6. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund Financial Statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1st March 2016 and started with an initial amount of KShs 4M and since then, a total of 34 loan beneficiaries have made borrowings amounting to KShs 115 M.

Financial Performance

a) Revenue

In the year ended 30th June 2020, the fund had projected a revenue of Kshs 46,000,000 consisting of; KShs 10,000,000 from Exchequer issues, and KShs 36,000,000 from other sources.

A graphical representation of the revenue budget is as shown below:

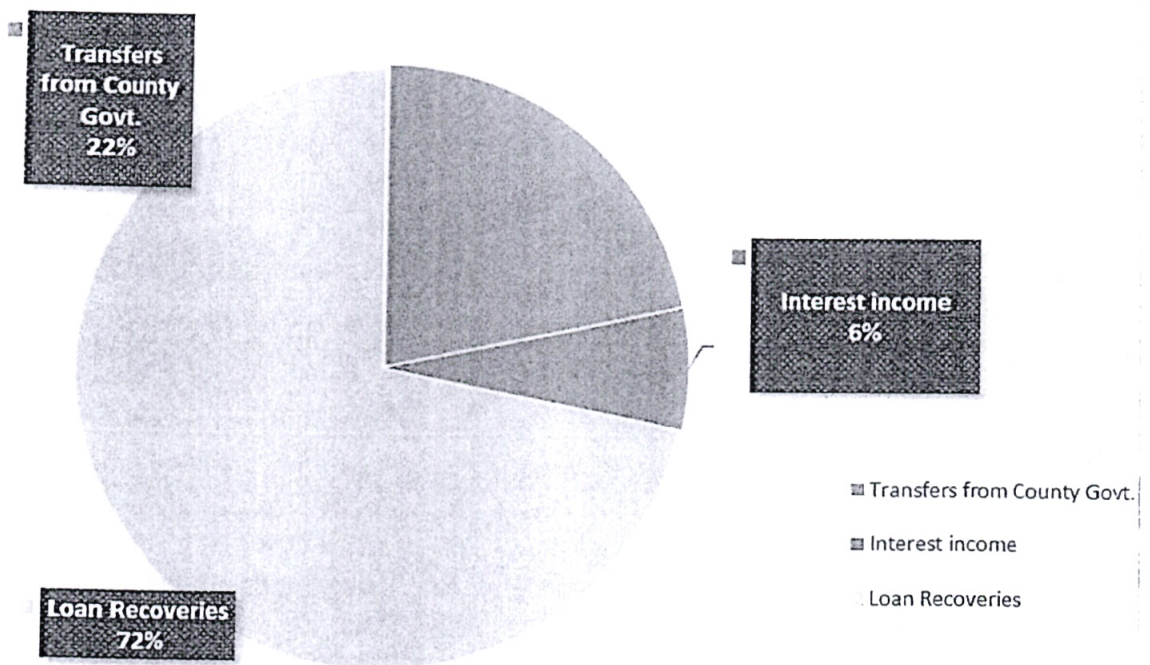


Figure 1: Fund's sources in FY 2020/2021

Out of the projected revenue, the Fund was able to realize KShs 43,108,177 in actual revenues, representing 94% performance. This performance was as a result of 100%

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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realization of the funds Allocation through Transfers from County Govt, 94% interest on loans and 92% Loan recoveries.

The table below shows an analysis of revenue performance during the year ended 30th June, 2021.

Table 1: Revenue performance in FY 2020/2021

Revenue Classification	Revenue Budget (Ksh)	Actual (Ksh)	Realisatic (%)
Transfers from County Govt.	10,000,000	10,000,000	100
Interest income	3,000,000	2,812,383	94
Loan Recoveries	33,000,000	30,295,795	92
Total	46,000,000	43,108,177	94

b) Loans

During the financial year 2020/21, the fund disbursed 12 new loan bringing the total loan beneficiaries to date to 46.

c) Cash flows

In the FY 2020/21, the cash and cash equivalents decreased from KShs 14,830,078 as at 30th June 2020 to KShs 12,500,389 as at 30th June 2021.


d) Conclusion

FY 2020/21 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

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 County Executive Mortgage fund achieves its mission.

The Fund Administrator should sign the Fund Administrator report.

Signed: _____



Erick Mwamburi

Fund Administrator

7. CORPORATE GOVERNANCE STATEMENT

THE BOARD

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund was Gazetted on 30th September 2016 in *the Taita Taveta supplement No. 16, legislative supplement No. 1. (Taita Taveta County Legislative Supplement No. 1).*

The fund committee, performs all functions vested in the fund legislation and other Regulations.

The Board is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of committee at its apex. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE FUND COMMITTEE MEMBERS

The Fund's legislation provides that the fund shall be made up of seven (7) Members, including the chairman, and shall consist of a chairperson and eight (6) other members as directed by the funds Act. The Fund Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund Administrator but the Members are responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for Mortgage and car loan

FUND COMMITTEE MEETINGS

The fund holds at least one sitting every months or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The Committee also plays an oversight role over all other financial and operational issues.

AUDIT AND RISK COMMITTEE

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the fund. The committee was established to advice the board on institutional risk management and compliance.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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STATEMENT OF COMPLIANCE

The committee confirms that the fund has throughout the FY2020/2021 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fund will conduct an external legal audit which will confirm that the institution had complied with all relevant laws, regulations and requirements.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

Standing Instructions

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

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities.

Strategic Plan

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives.

Internal Control Framework

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2020/21.

Management Team

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

Auditor

The fund is audited by the Auditor-General.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The committee has continued to grow since its inception and the management has put measures in place to safeguard against any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that there is no any form of non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund has so far received over 160 M as revenues from the exchequer issues since its inception, this will go a long way to see the proposed development plan are achieved within the stipulated period. This will see elevation of the lives of staff member of the County.

Cash flow

The cash and cash equivalents decreased from KShs 14,830,078 as at 30 June 2020 to KShs 12,500,389 as at 30 June 2021. The decrease was significant since there was an uptake of the facility in compliances with the law.

OPERATIONAL PERFORMANCE

The fund's core operating activities is to elevate the living standards of staff member of the county, by availing funds for acquisition of motor vehicle and residential houses as outlined in the Act.

Employees

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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Conclusion

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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9. 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, 2021. 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, 2021, 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.

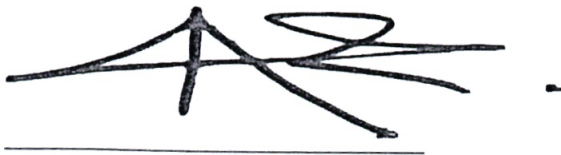
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund's financial statements were approved on 10-12-2021 and signed on its behalf by:



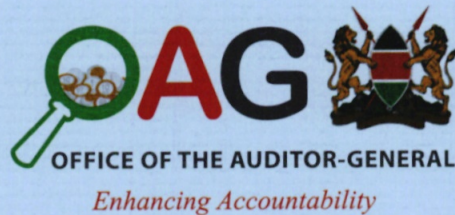
A handwritten signature in black ink, consisting of a large, stylized 'A' followed by several horizontal and diagonal strokes, positioned above a horizontal line.

Erick Mwamburi

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund set out on pages 20 to 58, which comprise the statement of financial position as at 30 June, 2021, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund as at 30 June, 2021, and 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 the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Revaluation Loss

As previously reported, the statement of changes in net assets reflects negative reserves balance of Kshs.2,804,831 for the year ended 30 June, 2021 (2020 - Kshs.1,697,481) as disclosed in Note 26 to the financial statements. However, a valuation report to support the revaluation loss was not provided for audit review.

In the circumstances, the accuracy and completeness of the negative reserves balance of Kshs.2,804,831 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects an expenditure budget of Kshs.46,000,000 while the actual expenditure was Kshs.43,767,206, resulting in a net under expenditure of Kshs.2,232,794

or 5% of the budget. The under-absorption of the approved budget is an indication that some eligible and interested staff may have been denied the opportunity to own cars and/or houses, hence not achieving the objective for which the Fund was created.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

1. Unsecured Car Loans

Audit review of the car loans issued during the year ended 30 June, 2021 revealed that an amount of Kshs.5,000,000 was supported by log books in the borrowers' names only and not jointly with the Fund. This is contrary to Regulation 21(2) of the Taita Taveta County Government Employees Car Loan and Mortgage Fund Regulations, 2016 that requires the logbook of a vehicle subject to a loan from the Fund to be issued jointly between the financier and the borrower.

In the absence of the joint ownership of the vehicles as documented in the log books, the Fund risks losing an amount of Kshs. 5,000,0000 issued as car loans.

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

2. Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2021 reflects long-term receivables from exchange transactions balance of Kshs.65,959,225 and current portion of long-term receivables from exchange transactions balance of Kshs.33,337,512, all totalling to Kshs.99,296,737 as disclosed in Note 11 to the financial statements. However, these balances were not supported with any registered charges by the County Government of Taita Taveta against the properties financed with mortgage loans.

This is contrary to Regulation 19 of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Regulations, 2016 which provides that, "the County Government of Taita Taveta shall have a charge registered on the property financed through a loan granted under this part and shall be entitled to have its name entered in all documents of title for that property". The Fund may therefore be exposed to loss of loans advanced to staff.

In the circumstances, Management was in breach of the law

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. Direct Payment of Loans to Staff Accounts

During the year under review, car loans and mortgages totalling Kshs. 43,563,576 were issued to staff. It was, however, noted that the loans were paid directly into the bank accounts maintained by the staff and not to the identified sellers of cars or properties.

In the circumstances, the Fund may be exposed to loss of loans advanced to staff or the money being used for unintended purposes.

2. Failure to Develop Mortgage Protection and Fire Policies

During the year under review, mortgages totalling Kshs.34,600,000 were issued to the County Government staff. However, as previously reported, the Management has not developed mortgage protection and fire policies with an insurance firm approved by the Financier. This is contrary to Regulation 20(1) of Taita Taveta County Executive Staff Car Loan and Mortgage Fund Regulations, 2016 which states that, "a borrower receiving a loan under this part shall take out and maintain a mortgage protection policy and fire policy with an insurance firm approved by the Financier".

Failure to develop these policies is contrary to the law and exposes the Fund to risk of loss in case of fire, death or total disability of the borrower.

3. Lack of a Risk Management Policy and Strategy

The Fund Management had not put in place Risk Management Policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires

the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

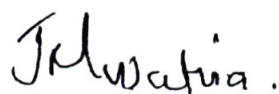
**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

11. FINANCIAL STATEMENTS

11.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.

	Note	FY2020/2021 KShs	FY2019/2020 KShs
Revenue from exchange transactions			
Interest income	4	2,812,383	2,322,449
Other income	5	-	-
Total revenue		2,812,383	2,322,449
Expenses			
Fund administration expenses	6	179,600	97,000
General expenses	7	24,030	26,391
Finance costs	8	-	-
Total expenses		203,630	123,391
Other gains/losses			
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		2,608,753	2,199,058

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 10/12/2021 and signed by:



Chief Officer
Name: Joyce Mwachia
ICPAK Member Number: 12587



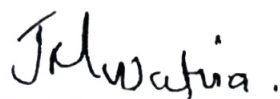
Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number: 15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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11.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY2020/2021 KShs	FY2019/2020 KShs
Assets			
Current assets			
Cash and cash equivalents	10	12,500,389	14,830,078
Current portion of long term receivables from exchange transactions	11	33,337,512	24,373,532
Prepayments	12	-	-
Inventories	13	-	-
Non-current assets			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	65,959,225	62,762,773
Total assets		111,797,127	101,966,384
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	23,052,154	24,722,814
Employee benefit obligations	19	-	-
Non-current liabilities			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
Total liabilities		23,052,154	24,722,814.00
Net assets		88,744,973	77,243,570
Revolving Fund	25	85,602,053	75,602,053
Reserves	26	(2,804,831)	(1,697,481)
Accumulated surplus	27	5,947,750	3,338,998
Net Value of the Fund		88,744,973	77,243,570

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 10/12/2021 and signed by:



Chief Officer
Name: Joyce Mwachia
ICPAK Member Number: 12587



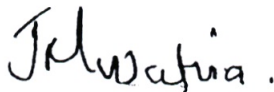
Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number: 15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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For the year ended June 30, 2021**

11.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Note	Revolving Fund	Reserves	Accumulated surplus	Total
			KShs	KShs	KShs
Balance as at 1 July 2019		63,937,053	(1694350)	1,139,940	32,594,587
Surplus/(deficit) for the period	27	-	-	2,199,058	1,029,856
Funds received during the year	25	11,665,000	-	-	29,758,200
Revaluation gain	26	-	(3,131)	-	-
Balance as at 30 June 2020		75,602,053	(1,697,481)	3,338,998	63,382,643
Balance as at 1 July 2020		75,602,053	(1,697,481)	3,338,998	77,243,570
Surplus/(deficit) for the period	27	-	-	2,608,753	2,608,753
Funds received during the year	25	10,000,000	-	-	10,000,000
Revaluation gain	26	-	(1,107,350)	-	(1,107,350)
Balance as at 30 June 2021		85,602,053	(2,804,831)	5,947,750	88,744,973

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 05/12/2021 and signed by:



Chief Officer
Name: Joyce Mwachia
ICPAK Member Number: 12587



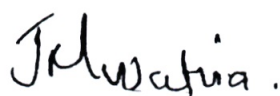
Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number: 15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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For the year ended June 30, 2021**

11.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY2020/2021 KShs	FY2019/2020 KShs
Cash flows from operating activities			
Receipts			
Interest received	4	2,812,383	2,322,449
Receipts from other operating activities		-	-
Total Receipts		2,812,383	2,322,449
Payments			
Fund administration expenses	6	179,600	97,000
General expenses	7	24,030	26,391
Finance cost	8		
Total Payments		203,630	123,391
Net cash flows from operating activities		2,608,753	2,199,058
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	24	30,295,795	19,019,852
Loan disbursements paid out	23	(43,563,576)	(54,052,822)
Net cash flows used in investing activities		(13,267,781)	(35,032,970)
Cash flows from financing activities			
Proceeds from revolving fund receipts	2	10,000,000	11,665,000
Additional borrowings	19	-	-
Repayment of borrowings	19	(1,670,660)	-
Net cash flows used in financing activities		8,329,340	11,665,000
Net increase/(decrease) in cash and cash equivalents		(2,329,689)	(21,168,912)
Cash and cash equivalents at 1 JULY	11	14,830,078	35,998,990
Cash and cash equivalents at 30 JUNE	11	12,500,389	14,830,078
Financial Position		12,500,389	14,830,078

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 10/12/2021 and signed by:



Chief Officer
Name: Joyce Mwachia
ICPAK Member Number: 12587



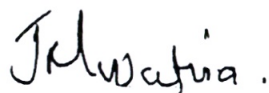
Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number: 15008

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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 For the year ended June 30, 2021

12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2021	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	0%
Transfers from County Govt.	10,000,000	-	10,000,000	10,000,000	-	100%
Interest income	3,000,000	-	3,000,000	2,812,383	187,617	94%
Loan Recoveries	33,000,000	-	33,000,000	30,295,795	2,704,205	92%
Total income	46,000,000	-	46,000,000	43,108,177	2,891,823	94%
Expenses						
Fund administration expenses	180,000	-	180,000	179,600	400	100%
General expenses	25,000	-	25,000	24,030	970	96%
Loans	45,795,000	-	45,795,000	43,563,576	2,231,424	95%
Total expenditure	46,000,000	-	46,000,000	43,767,206	2,232,794	95%
Surplus for the period	-	-	-	(659,029)	659,029	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 19/12/2021 and signed by:



Chief Officer
 Name: Joyce Mwachia
 ICPAK Member Number:



Fund Administrator
 Name: Erick Mwamburi
 ICPAK Member Number: 15008

13. 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.

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1 st January 2021:	Impact
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	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
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.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating 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	<i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i>

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020/2021 was approved by the County Assembly on 22-June 2020. 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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 xxx of these financial statements.

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.

2. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) 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 a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) 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.

4. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5. 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.

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.

6. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

7. 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.

8. Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

9. 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.

10. 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.

11. 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/Trustee, the Fund Managers and Fund Accountant.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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 Kenya commercial bank 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.

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Public Fund established by Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Act (*Taita Taveta County Subsidiary legislation, 2016*) under the Department of Finance and Planning. Its ultimate parent is the County Government of Taita Taveta.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions

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

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Entity
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) 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.

18. 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2020				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions				-
Employee benefit obligation				-
Total	-	-	-	-
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

d) Foreign currency risk

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2021: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

f) 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:

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	(2,804,831)	(1,697,481)
Revolving fund	85,602,053	75,602,053
Accumulated surplus	5,947,750	3,338,998
Total funds	88,744,973	77,243,570
Total borrowings	23,052,154	24,722,814
Less: cash and bank balances	(12,500,389)	(14,830,078)
Net debt/(excess cash and cash equivalents)	10,551,765	9,892,736
Gearing	12%	13%

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Transfers from County Govt. –Mortgage	10,000,000	11,665,000
Transfers from County Govt. –Car Loan	-	-
Total	10,000,000	11,665,000

3. Fines, penalties and other levies

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest received from Loans	2,812,383	2,201,041
Interest accrued from Loans	-	121,408
Total interest income	2,812,383	2,322,449

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Fund administration expenses

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Admin Cost	179,600	97,000
Loan processing costs	-	-
Professional services costs	-	-
Total	179,600	97,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	FY2020/2021	FY2019/2020
	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	-	-
Bank Charges	24,030	26,391
Total	24,030	26,391

8. Finance costs

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	12,500,389	14,830,078
Others	-	-
Total cash and cash equivalents	12,500,389	14,830,078

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

Financial institution	Account number	FY2020/2021	FY2019/2020
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank-Mortgage Account		9,494,995	14,011,441
Kenya Commercial bank- Car Loan Account		3,005,394	818,637
Sub- total		12,500,389	14,830,078
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		12,500,389	14,830,078

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	-	121,408
Current loan repayments due	33,337,512	24,252,124
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	33,337,512	24,373,532
Non-Current receivables		
Long term loan repayments due	65,959,225	62,762,773
Total Non-current receivables	65,959,225	62,762,773
Total receivables from exchange transactions	99,296,738	87,136,306

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12. Prepayments

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

13. Inventories

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Property, plant and equipment

	Land and	Motor	Furniture and		Total
	Buildings	vehicles	fittings		
Cost	KShs	KShs	KShs		KShs
At 1 st July 2020	-	-	-		-
Additions	-	-	-		-
Disposals	-	-	-		-
Transfers/adjustments	-	-	-		-
At 30 th June 2021	-	-	-		-
At 1 st July 2020	-	-	-		-
Additions	-	-	-		-
Disposals	-	-	-		-
Transfer/adjustments	-	-	-		-
At 30 th June 2021	-	-	-		-
Depreciation and impairment					
At 1 st July 2020	-	-	-		-
Depreciation	-	-	-		-
Impairment	-	-	-		-
At 30 th June 2021	-	-	-		-
At 1 st July 2020	-	-	-		-
Depreciation	-	-	-		-
Disposals	-	-	-		-
Impairment	-	-	-		-
Transfer/adjustment	-	-	-		-
At 30 th June 2021	-	-	-		-
Net book values					
At 30 th June 2021	-	-	-		-
At 30 th June 2021	-	-	-		-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets-software

Description	FY2020/2021	FY2019/2020
	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	-	-

16. Trade and other payables from exchange transactions

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

17. Provisions

Description	Leave provision	Bonus provision	Other provision	
	KShs	KShs	KShs	
Balance at the beginning of the year	-	-	-	
Additional Provisions	-	-	-	
Provision utilized	-	-	-	
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)

18. Borrowings

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Balance at beginning of the period	24,722,814	24,722,814.00
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	(1,670,660)	-
Balance at end of the period	23,052,154	24,722,814

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

Description	FY2020/2021	FY2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	24,722,814
Total balance at end of the year	23,052,154	24,722,814

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

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	23,052,154	24,722,814
Total	23,052,154	24,722,814

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Employee benefit obligations

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

20. Cash generated from operations

	FY2020/2021	FY2019/2020
	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	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. 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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

a) Related party transactions	FY2020/2021	FY2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY2020/2021	FY2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	FY2019/2020	FY2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY2020/2021	FY2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

22. Contingent assets and contingent liabilities

Contingent liabilities	FY2020/2021	FY2019/2020
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Loan disbursements paid out

Description	FY2020/2021 KShs	FY2019/2020 KShs
Loan disbursements paid out	43,563,576	54,052,822
Total	43,563,576	54,052,822

24. Proceeds from loan principal repayments received

Description	FY2020/2021 KShs	FY2019/2020 KShs
Loan principal receivable	31,281,736	19,019,852
less loan principal Accrued	985,942	-
Total	30,295,795	19,019,852

25. Revolving Fund

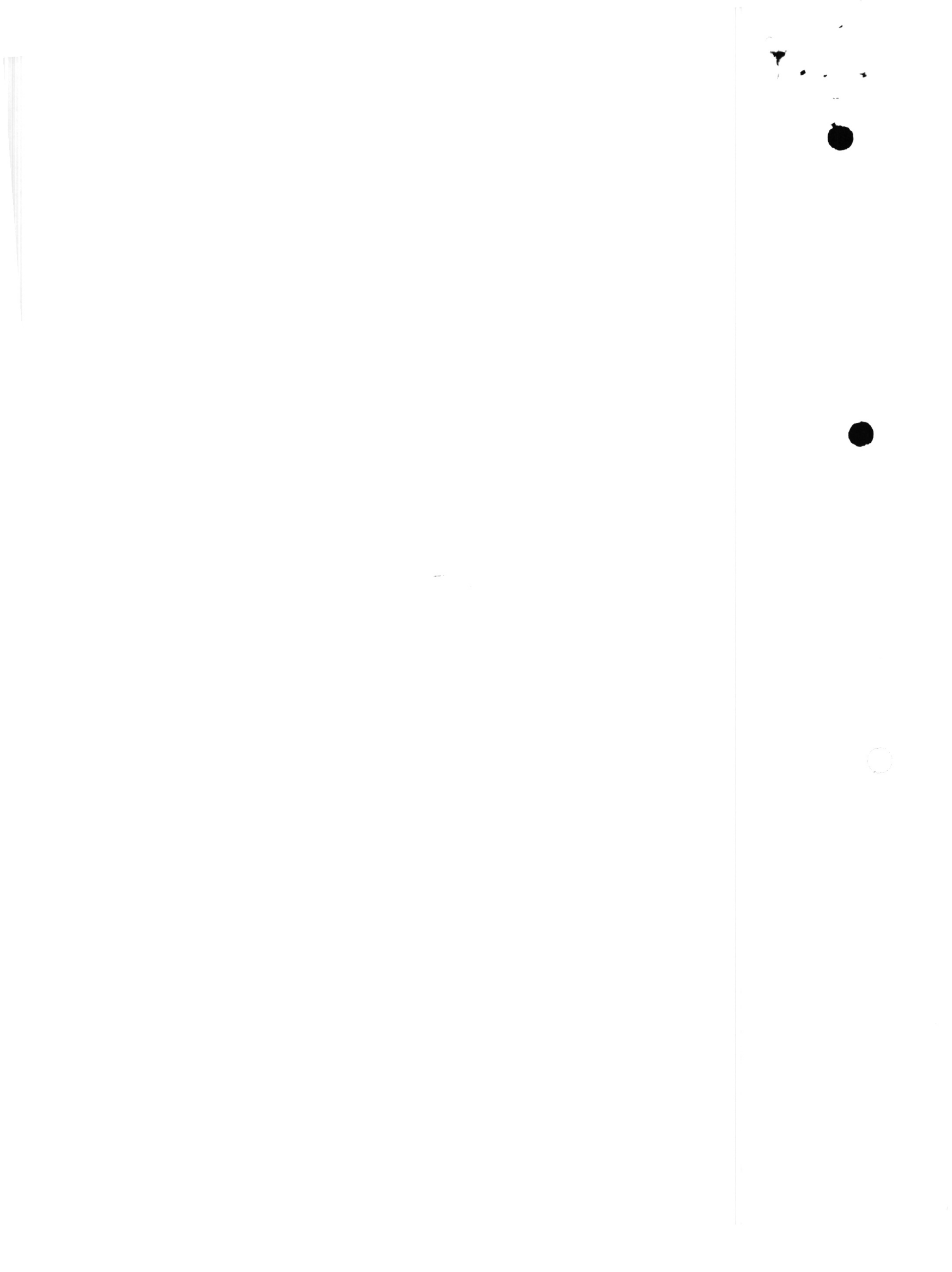
Description	FY2020/2021 KShs	FY2019/2020 KShs
Balance b/d	75,602,053	63,937,053
Funds received during the year	10,000,000	11,665,000
Total	85,602,053	75,602,053

26. Reserves

Description	FY2020/2021 KShs	FY2019/2020 KShs
Balance b/d	(1,697,481)	(1,694,350)
Reserves for the period	(1,107,350)	(3,131)
Total	(2,804,830)	(1,697,481)

27. Accumulated surplus

Description	FY2020/2021 KShs	FY2019/2020 KShs
Balance b/d	3,338,997	1,139,940
Surplus/(deficit) for the period	2,608,753	2,199,058
Total	5,947,750	3,338,997



**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Presentation of the Financial Statements		Erick Mwamburi	On Progress	30th June 2020
2.0	Revolving Fund		Erick Mwamburi	On Progress	30th June 2020
3.0	Receivables from Exchange Transactions		Erick Mwamburi	On Progress	30th June 2020
4.0	Budgetary Control and Performance		Erick Mwamburi	On Progress	30th June 2020

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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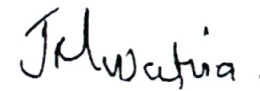
16. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of Taita Taveta County Government				
	FY 2020/2021			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Jun-21	10,000,000	FY 2020-21
		Total	10,000,000	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

Fund Administrator
 TTCE Staff Car loan & Mortgage Fund


 Sign -----

Head of County Treasury
 Taita Taveta County Government


 Sign-----