

REPUBLIC OF KENYA



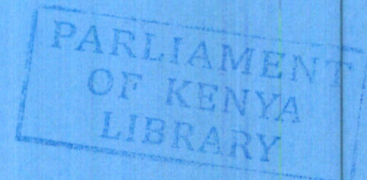
Enhancing Accountability



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REPORT

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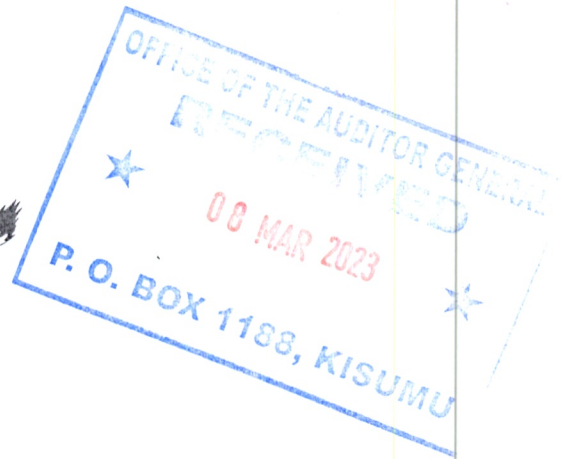


THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE
SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE FUND
SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Table of Content

1. Key Entity Information and Management	iii
3. Report of the Fund Administrator	viii
4. Statement of Performance against the County Fund's Predetermined Objectives	xi
5. Corporate Governance Statement	xii
6. Management Discussion and Analysis	xiii
7. Report of the Management Committee	xv
8. Statement of Management's Responsibilities	xvi
9. Report of the Independent Auditor	xvii
10. Statement of Financial Performance for The Year Ended 30th June 2022	1
11. Statement of Financial Position as at 30 June 2022	2
12. Statement of Changes in Net Assets for the year ended 30 th June 2022	3
13. Statement of Cash Flows for the Year Ended 30 June 2022	4
14. Statement of Comparison of Budget and Actual Amounts for the Period	5
15. Significant Accounting Policies	6
16. Notes to the Financial Statements	8
17. Progress on Follow Up of Prior Year Auditor's Recommendations	14

1. Key Entity Information and Management

a) Background information

The Kisumu County Assembly car loan 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, Kisumu County adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.


b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide car loans and mortgage facility to members and staff of the Assembly

Core Values

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

c) Fund Administration Committee

Name	Details of qualifications and experience
 Hon. Beatrice Akinyi Odongo Nominated MCA – Youth and Gender Vice Chair to the County Assembly Service Board	Hon. Beatrice Odongo is the Gender and Youth nominee. She also sits in the County Assembly of Kisumu as the Vice-chairperson of the Board. Hon. Odongo is a seasoned politician of no mean repute. She is also an astute business lady. She has a Degree in Bachelor of Arts(Project Planning and Management)



Hon. Priscah Auma Misachi
**MCA – Kaloleni/Shauri Moyo
Ward – Kisumu County**

Majority Whip

Hon. Priscah Misachi is a veteran politician. She represents the sprawling Kalolone/Shauri Moyo ward located within Kisumu City. She is a former mayor of the defunct Kisumu Municipality.

Hon. Misachi is the current Majority Chief Whip at the Kisumu County Assembly

Hon. Misachi is a career politician and business lady.

She has qualifications in Administration from the Kenya School of Government and a Diploma in Business Administration from Kenya Institute of Management (KIM)



Hon. John Kennedy Ageng'o
**MCA – East Kano/Wawidhi Ward –
Kisumu County**
Minority Whip

Hon. John Kennedy Ageng'o is the ward representative for East Kano/Wawidhi, Nyando Sub-county.

He is the current Minority Chief Whip.

Hon. Ageng'o is a qualified Quantity Surveyor and a business man.



Mr. Owen Ojuok
The Clerk – Kisumu County Assembly
Fund Administrator – Kisumu County Assembly Car Loan and Mortgage Fund Scheme

Mr. Owen Ojuok is the current Clerk of Kisumu County Assembly.

Mr. Ojuok is also the Fund Administrator for Kisumu County Assembly Car Loan and Mortgage Fund Scheme

Mr. Ojuok is a qualified lawyer. He also currently pursuing his Masters Degree in Law at the University of Nairobi



Mr. Peter Anditi
Staff Representative to the Fund

Mr. Peter Anditi is the chair of the Kisumu County Assembly Staff Welfare association. Mr. Anditi is a career civil servant who has served in numerous capacities within the civil service before being deployed to the assembly.

Mr. Anditi is currently serving as Senior Clerk's Assistant at the Kisumu County Assembly.

He has a Diploma in Management from Kenya Institute of Management



CPA Felix Owuor
Finance Officer – County Assembly of Kisumu
Fund Accountant

CPA Felix Owuor is the Principal Finance Officer at the County Assembly of Kisumu.

CPA Owuor also serves as the official accountant for the fund.

CPA is a qualified chartered accountant. He has a degree in Commerce (Banking and Finance) from Moi University

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Mr. Owen Ojuok
2	Fund Accountant	Mr. Geoffrey Omollo

e) Registered Offices

P.O. Box 86 – 40100,
Kisumu County Assembly Buildings
Kisumu,
KENYA

f) Fund Contacts

E-mail: kisumuassembly@gmail.com
Website: www.kisumuassembly.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
(KISUMU BRANCH)
P.O. Box 19828 - 00100
Nairobi, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

3. Report of the Fund Administrator

Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by the Public Finance Management (Kisumu County Assembly Car and Mortgage Loan Scheme Fund) Regulations, 2014 on 31st December 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended 31 March, 2022. This responsibility includes: i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; iv) Safeguarding the assets of the fund; v) selecting and applying appropriate accounting policies; and vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Kisumu County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period ended March 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. 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.

It is my pleasure to present Kisumu County Assembly Car Loan and Mortgage Fund financial statements for the quarter ended 31 March, 2022. The financial statements present the financial performance of the Fund over the past year.

The Fund was established during the first assembly and is now serving the second assembly members. At the beginning of the Fund's operations in 2017, the Funds had the initial seed money of Kshs.250,000,000. The Fund has since then received additional input of Kshs.15,000,000 which was received in during the FY 2019/2020. The fund had requested for additional funding of Kshs.10,000,000 in FY 2020/2021 and Kshs 15,000,000 in FY 2021/2022

but the same had not been received as at the time of closing the financial books for both the period.

Financial Performance

a) Revenue

In the year ended 30 June 2022, the Fund had projected revenues of **Kshs.16,850,000**. Out of this projected amount, the Fund was able to realise **Kshs.6,509,661** in actual revenues, representing over **39%** in performance.

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

Revenue classification	Revenue budget (Kshs.)	Actual (Kshs.)	Realization (%)
Revenue			
Transfers from the Exchequer	15,000,000	-	-
Interest income	4,000,000	3,785,526	95%
Total income	19,000,000	3,785,526	20%

Loans

In this operations period, the fund managed to disburse a number of loans to only one qualifying staff members and a top-up to another member of staff.

b) Cash flows

In the FY 2021/2022, the Fund did not experience a significant liquidity disruption. The cash and cash equivalents increased from as at to **Kshs21,016,050** as at 30 June, 2021 to **Kshs. 73,866,331 as at 30th June, 2022**

The Fund did not manage to receive the expected tranche of budgeted for Exchequer injection of Kshs.15,000,000 by close of the FY 2021/2022. This was due to general delay in remittances of Fund by the National Government. We are hopeful that the fund shall be released soon to enable the Fund to carry out with its plans.

Conclusion

The FY 2021/2022 was generally a good year for the Fund. However, the Fund was not able to operate at optimal levels as envisaged because of the delay in the disbursement of the additional requested capital injection amounting to **Kshs.15,000,000**.

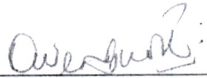
Nonetheless, the Fund takes pride in the fact that it has achieved commendable progress in enabling the dreams of the members of staff who were privileged to receive affordable credit for the financing of their car ownership and home ownership projects. The Fund hopes to leverage on these small gains to create further momentum towards greater future achievements in facilitating the dreams of applicants

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

I take this opportunity to thank the County Assembly Service Board and the Management Committee for their support. I also want to thank all staff who we have worked hand in hand to ensure that the Kisumu County Assembly Car Loan and Mortgage Fund achieve its core mission and mandates.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th June, 2022 and signed on its behalf by:



Name: Owen O. Ojuok
Fund Administrator

4. Statement of Performance against the County Fund'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 for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board. The accounting officer shall include a statement of the county government entity's performance against predetermined objectives

The key development objective of the Kisumu County Car Loan and Mortgage Fund Scheme for the FY 2021/2022 according to its approved budget was to provide loan services to applicant particularly among staff. Accordingly, the Kisumu County Assembly had allocated Kshs. 15,000,000 the fund in its budget for the FY 2021/2022.

The allocated amount was factored in the approved budget of the Car Loan and Mortgage Scheme.

The allocated amount however was not disbursed to the scheme in time by the Exchequer and therefore the fund could not adequately approve a number of members' loans applications. This significantly affected the funds projections in terms of loan approval and expected earnings from the interest from the loan approved.

The fund is looking forward to speedy disbursement of funds by the Exchequer in future in order to enable it to carry out its mandate effectively.

5. Corporate Governance Statement

5.1 THE KISUMU COUNTY ASSEMBLY SERVICE BOARD

The Kisumu County Assembly Car Loan and Mortgage Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members and staff. The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Fund is a formal governance structure with the CASB and the Fund Management Committee at its apex.

The operations of the Fund are governed by The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations made on 26th April, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the Fund Management Committee.

5.2 THE FUND MANAGEMENT COMMITTEE

The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations provide that the Management Committee shall be made up of members, including the chairman, and shall consist of a chairperson and other members nominated by fellow members. The Fund Management Committee is responsible for the long-term strategic direction of the Fund and guidance of the Fund Administrator and his support team. The Fund Management Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Committee is provided with full, appropriate and timely information that enables it 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 Fund Management Committee is responsible for establishing and maintaining the Fund's system of internal controls for the realization of its mandate of providing car loan and mortgage facility to members.

Committee Meetings

The Fund Management Committee meets regularly or as required in order to monitor the implementation of the Fund's strategic plan and achievement of the targets as agreed upon with the Fund administrator and the support team.

6. Management Discussion and Analysis

The Kisumu County Assembly car loan 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, Kisumu County adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.

The management committee allocated funds to members considering;

- a) Duly filled application forms,
- b) Amount applied for by the member,
- c) A summarized assessment of the members' repayment capability,
- d) A security provided and forced sale value of such security. (The committee resolved that only valid certificates of title, either leasehold or freehold shall be accepted), and
- e) Duly executed transfer forms in favour of the County Assembly Service Board.

All the loans have been secured with title deeds, log books or leasehold properties certificates. All the car loans and mortgages have been insured. The insurance covers the following risks among others: loss of seat pursuant to Article 194 of the Constitution of Kenya, death and permanent disability. As a provisional measure, the committee retains 3 percent of the loan amount for the purposes of procuring the insurance cover.

Challenges Faced by the Management Committee

The committee has faced some challenges in the management of the car loan and mortgage:

- a) Inadequate understanding by members on the need to provide security for the loans.
- b) Inadequate awareness by the members on the procedure for applications of the loans.
- c) Inadequate skills of secretariat with regards to managing the accounts and books of the committee. The secretariat has had to learn most of the things on the job as there was no reference point for most of the questions/ challenges the secretariat is faced with.
- d) Inadequate understanding by members on the mortgage process and the need to take time to establish uniform laid down procedures from the start to the end of the entire car loan/ mortgage process.
- e) Lack of adequate funds. The fund requires at least Kshs. 450,000,000 in order to adequately cater for all the members and staff who require the credit services of the scheme.

The Fund continues to register growth over the years and the management has put measures in place to safeguard against risks. 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 members with established credible and reliable credit history.

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

BUSINESS PERFORMANCE

Revenue

The Fund earned revenues amounting to **Kshs.3,785,526** from interest income. This represented an income reduction of 14% from the previous financial year.

7. Report of the Management Committee

The Fund Management Committee submits their report together with the unaudited financial statements for the quarter ended 30th June, 2022 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide car loan and mortgage financing to the members of the Assembly

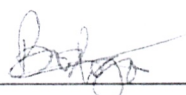
Results

The results of the Fund for the period ended 30th June, 2021 are set out on pages 1 to 5.

Auditors

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

By Order of the Fund Management Committee



Hon. Beatrice Akinyi Odongo
Chairperson - Fund Management Committee

Date: 20/06/2022

8. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund 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 Kisumu County Assembly Car Loan and Mortgage 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 quarter ended on March 30, 2022. 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.

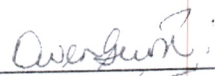
The Administrator of the Kisumu County Assembly Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

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 30 June 2022 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 Kisumu County Assembly Car Loan and Mortgage Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

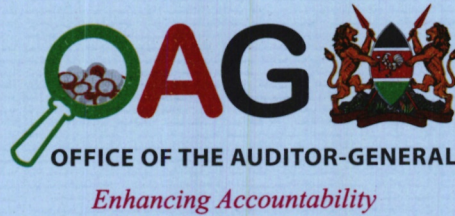
The fund's financial statements were approved by the Board on 30th June 2022 and signed on its behalf by:



Owen Ojuok
Fund Administrator - Kisumu County Assembly Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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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 COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 the 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 County Assembly of Kisumu Car Loan and Mortgage Scheme Fund set out on pages 1 to 15, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

Report of the Auditor-General on County Assembly of Kisumu Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2022

performance and statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts and notes to the financial statement for the year then ended 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, the financial statements present fairly, in all material respects, the financial position of County Assembly of Kisumu Car Loan and Mortgage Scheme Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kisumu County Assembly Car Loan and Mortgage Scheme Fund 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misstatement of Accumulated Surplus

The statement of financial position and as disclosed in Note 11 to the financial statements reflects balance of Kshs.18,279,785 as accumulated surplus for the year ended 30 June, 2022. However, review of the workings on the accumulated surplus revealed correct recalculate balance of Kshs.18,885,071 resulting in an understatement of the surplus by Kshs.605,286 which was not explained.

In the circumstances, the accuracy of the accumulated surplus balance of Kshs.18,279,785 reported in the financial statements could not be ascertained.

2. Unsupported Other Income

The statement of financial performance reflects Kshs.30,000,000 being other income said to have been car grant tax waiver granted by the Commissioner of Domestic Taxes to the County Assembly Members and the Speaker as disclosed in Notes 2 and 6 to the financial statements. However, no evidence was provided of the application and grant of the waiver by the Commissioner of Domestic Taxes.

In the circumstances, the accuracy and completeness of the income tax waiver of Kshs.30,000,000 could not be confirmed.

3. Excess Refund on Loan Overpayment

The statement of cashflows and as disclosed in Note 7 to the financial statements reflects Kshs.893,247 being refund for loan overpayment by a Member of the County Assembly. However, review of the mortgage amortization schedule provided for audit revealed that the recovered (loan overpayment) amount amounted to Kshs.631,310 resulting in an unexplained variance of Kshs.261,937.

In the circumstances, the financial statement is misstated by the amount of Kshs.261,937 being the extra refund.

4. Un-explained Variance on Long-Term Receivables

The statement of financial position and as disclosed in Note 9 and 10 to the financial statements reflects non-current assets amount of Kshs.108,520,208. Included in the non-current assets is an amount of Kshs.64,540,824 for long term receivables. However, review of the loan amortization schedule provided revealed that the outstanding long-term receivables was Kshs.56,336,915 resulting in an unexplained variance of Kshs.8,203,909.

In addition, included in the amount of Kshs.64,540,824 is an amount of Kshs.6,254,600 relating to car loan and mortgage granted to a former Member of the County Assembly (MCA) and a former Speaker of the County Assembly which are non-performing loans. No explanation was provided for the failure to recover the amounts before the end of the term of the former MCA and Speaker.

In the circumstances, the accuracy and completeness of the long-term receivables could not be confirmed.

5. Long Outstanding Debts

As disclosed in Note 9 to the financial statements, the statement of financial position includes under non-current assets debts of Kshs.44,872,631 which relate to payroll deductions made by the County Assembly for loan repayments in the years 2016/2017 and 2017/2018 but which had not been remitted to the Fund as at 30 June, 2022. These amounts have therefore been outstanding for more than five (5) years. There was no evidence of effort made by the Fund Management to recover the debts. In addition, the financial statements of the County Assembly do not reflect this amount as a pending bill to the Fund as at 30 June, 2022.

Further, the debts being amounts that ought to have been remitted to the Fund in the subsequent month after deduction, were wrongly classified as non-current asset.

In the circumstances, the accuracy of the debts amounting to Kshs.44,872,631 could not be confirmed.

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

Other Matter

Implementation of Oversight Bodies' Recommendations

The Reports of the Auditor-General on County Assembly of Kisumu Car Loan and Mortgage Fund for the years up to 30 June, 2021 were concluded and submitted to the Fund and the County Assembly of Kisumu. However, evidence to show that the reports

and financial statements have been discussed by the County Assembly and recommendations thereon implemented has not been provided for audit review. In addition, the financial statements did not include a report on the progress on follow-up of prior year auditor recommendations as required by the Public Sector Accounting Standards Board.

In the circumstances, the recommendations of the Auditor-General may not be implemented in the absence of effective oversight on utilization and accountability of public funds.

Key Audit Matters

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

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. Irregular Borrowing from the Fund

The statement of cash flows for the year ended 30 June, 2022 and as disclosed in Note 13 to the financial statements reflects of Kshs.23,800,000 as short-term borrowing by the County Assembly. However, there was no evidence that the borrowed funds were repaid within a period of twelve months from date of borrowing contrary to Section 142(3) of the Public Finance Management Act, 2012 which states that a County Government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it is borrowed. Further, there was no evidence of approval by the County Assembly for short-term borrowings contrary to Section 142(1) of the Public Finance Management Act, 2012 which requires County Government entities to seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only.

In the circumstances, the Fund may not effectively meet its objectives if funds are irregularly borrowed and not repaid promptly.

2. Doubtful Recovery of Loan Owed by Former County Assembly Speaker

As disclosed in Note 14 to the financial statements, a legal case No.32 of 2019 was filed against the former Speaker of the County Assembly who defaulted in paying a loan of Kshs.8,389,339. Although the Fund Management disclosed that the recovery of the

amount was contingent upon factors beyond their control, no provision for bad and doubtful debts was made in the financial statements. Further, the loan facility was issued to the former Speaker without a joint registration of log-book of a motor vehicle and a charge registered on the property financed as required by Regulations 10(2) of the of the Kisumu County Assembly (Car Loan Scheme Fund) Regulations, 2020 and the Kisumu County Assembly (Mortgage Scheme Fund) Regulations, 2020 respectively.

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

Basis for Conclusion

Lack of an Internal Audit Function

During the year under review, there was no evidence indicating that the activities, internal controls, accounting systems and governance processes of the Fund were reviewed and evaluated by an internal auditor. This was contrary to Regulation 153 of the Public Finance Management Regulations (County Governments) Regulations, 2015, which requires internal audit to be carried out regularly.

In the circumstances, there was no assurance that irregularities in the Fund could be identified and rectified in a timely manner.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

The Board of Trustees are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

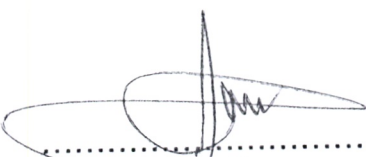
25 April, 2023

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

10. Statement of Financial Performance for The Year Ended 30th June 2022

	Note	FY 2021/2022 Kshs.	FY 2020/2021 Kshs.
Revenue from exchange transactions			
Interest income	1	3,785,526	4,387,423
Other income	2	30,000,000	2,122,238
Total revenue		<u>33,785,526</u>	<u>6,509,661</u>
Expenses			
Fund administration expenses	3	732,000	866,000
Office Operation expenses	4	370,000	-
Inventories		-	31,000
Finance Cost	5	5,284	12,012
Car Grant Tax	6	30,000,000	-
Insurance Cost		-	773,245
Legal Charges		-	799,169
Repairs and Maintenance		-	20,000
Total expenses		<u>31,107,284</u>	<u>2,501,426</u>
Surplus/(deficit) for the period		<u>2,678,242</u>	<u>4,008,235</u>

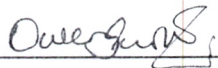
Owen Ojuk
 Name: OWEN OJUOK
 Administrator of the Fund


 Name: FELIX O. OMBOR
 Fund Accountant
 ICPAK Member Number: 22874

11. Statement of Financial Position as at 30 June 2022

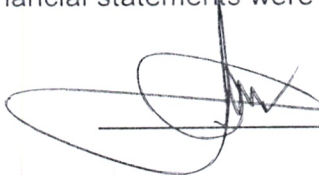
	Note	FY 2021/2022 Kshs	FY 2020/2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	8	73,866,331	21,016,050
		73,866,331	21,016,050
Non-current assets			
Debts	9	44,872,631	44,872,631
Long term receivables	10	64,540,824	115,318,148
		109,413,455	160,190,779
Total assets		183,279,786	181,206,829
Net assets		183,279,786	181,206,829
Equity			
Revolving Fund	11	165,000,000	165,000,000
Transfer from Exchequer		-	-
Accumulated surplus	13	18,279,785	16,206,829
Total equity		183,279,785	181,206,829

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June, 2022 and signed by:



Administrator of the Fund

Name: Owen Ojuok



Fund Accountant

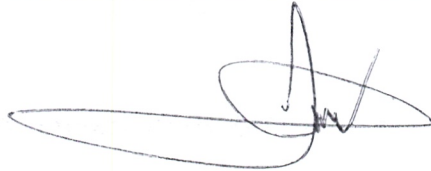
Name: Felix O. Owuor

ICPAK No. 22874

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

12. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	TOTAL
	KShs	KShs	KShs
Balance as at 1 July 2020	265,000,000	12,198,594	277,198,594
Surplus/(deficit) for the period	-	3,402,949	3,402,949
Disbursement of Car Grants	(100,000,000)	-	(100,000,000)
Revaluation gain	-	-	-
Balance as at 30 June 2021	165,000,000	15,601,543	180,601,543
Balance as at 1 July 2021	180,601,543	-	180,601,543
Surplus/(deficit) for the period	-	2,678,242	2,678,242
Balance as at 31 June 2022	165,000,000	18,279,785	183,279,785



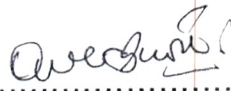
Owen Ojook
 Name: OWEN OJOOK
 Administrator of the Fund

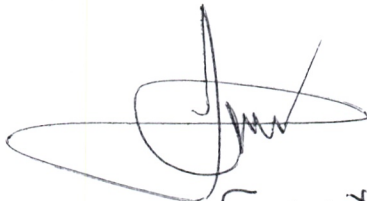
Felix O. Oduor
 Name:
 Fund Accountant
 ICPAK Member Number: 22874

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Cash Flows for the Year Ended 30 June 2022

		FY 2021/2022	FY 2020/2021
		Kshs.	Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES	NOTES		
Receipts			
Exchequer Releases		-	-
Interest Received	1	3,785,526	4,387,423
Receipts from other Operating activities	2	30,000,000	2,122,238
		33,785,526	6,509,661
Payments			
Fund administration expenses	3	(732,000)	(866,000)
Inventories		-	(31,000)
Finance costs		(5,284)	(12,012)
Legal Charges		-	(799,169)
Insurance Cost		-	(773,245)
Repairs and Maintenance		-	(20,000)
Taxes	6	(30,000,000)	-
Office Operations Cost	4	(370,000)	-
Loan Overpayment Refunds	7	(893,247)	-
Net cash flows from operating activities		1,784,995	4,008,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan Disbursements Paid Out	14	-	(29,545,438)
Car Grants Paid Out		-	(98,774,928)
Assembly short term borrowings			
Proceeds from Repayments	15	77,179,285	66,668,031
Net cash flows from investing activities		77,179,285	(61,652,335)
Net increase/(decrease) in cash and cash equivalents		78,964,280	(57,644,099)
Cash and cash equivalents at beginning of period		21,016,050	78,660,179
Cash and cash equivalents at end of period	8	73,866,331	21,016,050


 Name: OWEN OJOOK
 Administrator of the Fund


 Name: FELIX O. OUMA
 Fund Accountant
 ICPAK Member Number: 22874

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Comparison of Budget and Actual Amounts for the Period

ITEM	NOTES	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization
		2021/2022	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Revenue							
Transfer from the Exchequer		15,000,000	0	15,000,000	-	(15,000,000)	-100%
Interest income		4,000,000	-	4,000,000	3,785,526	214,474	5%
Other income	16	30,000,000	-	30,000,000	30,000,000	-	0%
Total Income		34,000,000	-	34,000,000	33,785,526	214,474	1%
Expenses							
Fund administration expenses	17	800,000	-	800,000	732,000	68,000	9%
Office Operation Expenses	18	400,000	-	400,000	370,000	30,000	8%
Tax on Car Grants	19	30,000,000	0	30,000,000	30,000,000	-	
Total expenditure		31,200,000	-	31,200,000	31,102,000	98,000	0%
Surplus for the period		2,800,000	-	2,800,000	2,683,526	116,474	4%

15. Significant Accounting Policies

1. Statement of compliance and basis of preparation

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

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

2. Revenue recognition

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.

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.

3. 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.

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.

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

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.

4. Events after the reporting period

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

5. Ultimate and Holding Entity

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

6. Currency

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

16. Notes to the Financial Statements

1. Interest income

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Car Loans	1,634,906	1,635,968
Mortgages	2,150,620	2,751,454
Total	3,785,526	4,387,422

2. Other income

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Recoverable Cost		
Stamp Duty	-	36,540
Insurance	-	1,390,198
Property Charging Fees	-	695,500
Income from Tax Paid and Recovered	30,000,000	-
Total	30,000,000	2,122,2385

3. Fund Administration Expenses

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Sitting Allowances	866,000	866,000
Total	866,000	866,000

4. Office Operations Expenses

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Office Operations	370,000	60,000.00
Legal Cost	-	799,169
Insurance Cost	-	773,245
Total	370,000	1,632,414

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

5. Finance Cost

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Bank Charges	5,284	12,012
Total	5,284	12,012

6. Car Grant Taxes

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Commissioner of Domestic Taxes	30,000,000	-
Total	30,000,000	-

7. Loan Overpayment Refunds

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
John Kennedy Agengo	893,247	-
Total	893,247	-

8. Cash and Cash Equivalents

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Car loan and mortgage account	73,866,331	21,016,050
Total	73,866,331	21,016,050

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

9. Debt

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
County Assembly of Kisumu	44,872,631	44,872,631
Total	44,872,631	44,872,631

The listed debt of Kshs.44,872,631 is in respect of the debt that the County Assembly of Kisumu owes the fund due to unremitted Car Loans and Mortgages deductions from the FY 2016/2017 as outlined below.

COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE
AMOUNT OWED TO THE FUND AS AT 31ST MAY, 2018

Details	Period	Amount
Payroll Deductions	January - December 2016	85,952,241.60
Payroll Deductions	January - August 2017	44,858,525.75
Total Deductions		<u>130,810,767.35</u>
Less:		
Remittances		(78,759,241.00)
Amount Owed to the Fund as at 31/08/2017		<u>52,051,526.35</u>
Amount Paid on 30/05/2018		7,178,895.00
TOTAL AMOUNT DUE		<u>44,872,631.35</u>

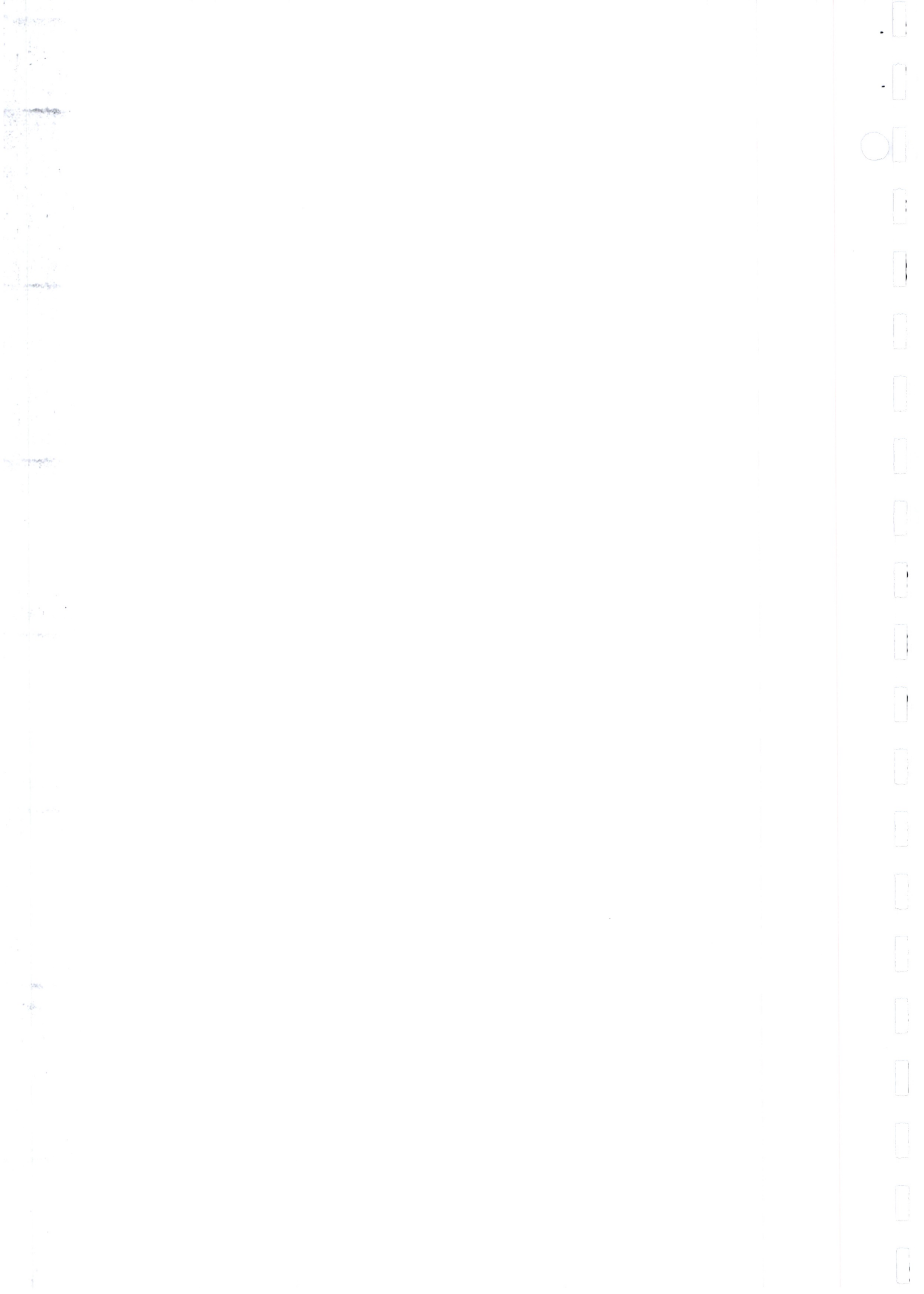
COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

10. Long-term Receivables

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Car Loan Balances	9,788,967	27,682,427
Mortgages balances	54,751,857	87,635,721
Total	64,540,824	115,318,148

Workings for Long-term Receivables

Loans Balances B/F	FY 2021/2022	FY 2020/2021
Car Loan B/F	30,883,249	48,751,200
Mortgages B/F	84,434,899	104,913,963
Total Loans B/F	115,318,148	153,665,243
Loans Issued:		
Car Loans	-	5,186,837
Mortgage	2,314,000	29,909,447
Total Loan Issued	2,314,000	35,096,284
TOTAL LOANS	117,632,148	188,761,527
Loans Repayments		
Car Loans	21,617,757	26,255,600
Mortgage	31,473,567	47,187,605
Total Loan Repayments	53,091,324	73,443,205
Loan Balances C/F	64,540,824	115,318,148



COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

11. Revolving Fund and Accumulated Surplus

	Revolving Fund	Revaluation Reserve	TOTAL
	KShs	KShs	KShs
Balance as at 1 July 2020	265,000,000	12,198,594	277,198,594
Surplus/(deficit) for the period	-	3,402,949	3,402,949
Disbursement of Car Grants	(100,000,000)	-	(100,000,000)
Revaluation gain	-	-	-
Balance as at 30 June 2021	165,000,000	15,601,543	180,601,543
		-	-
Balance as at 1 July 2021	180,601,543	-	180,601,543
		-	-
Surplus/(deficit) for the period	-	2,678,242	2,678,242
Balance as at 31 June 2022	165,000,000	18,279,785	183,279,785

12. Loan Disbursements

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Mortgages	2,314,000	24,761,938
Car Loans	-	4,783,500
Assembly short-term borrowing	23,800,000	-
Total	26,114,000	43,358,258

13. Proceeds from Repayment

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Loans Repayments	80,964,811	73,177,692
Interest Earned	3,785,526	(4,418,454)
Insurance recoveries, stamp duty and legal fees	0	(2,122,238)
Net Repayment	77,179,285	66,637,000

14. Contingent Liability

The former speaker to the Assembly Hon. George Onyango Oloo, a beneficiary of the scheme currently owes the fund the sum of **Kshs.8,389,339.00** The amount owed is in arrears and recovery process has been initiated.

It should be noted that settlement of the amount owed is contingent to factors beyond the funds control and therefore presents a contingent liability that the scheme may be forced to assume in the interminable future.

Contingent liabilities	FY2021/2022
	KShs.
Legal Case No. 32 of 2019	8,389,339

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

17. 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Par 1.1	Inaccuracies in the Financial Statements- Cash and Cash Equivalents	The inaccuracies referred to were in respect of clerical errors	Resolved	
Par 1.2	Unreconciled Variances	The variances was occasioned by misstatement in the preparation of the comparison table. Correction have since been made.	Resolved	
Par 2	Defaulted Loan	The above loan repayment default is in regards to the former speaker of the County Assembly of Kisumu, Hon. George Onyango Oloo. We wish to state that the management has initiated recovery procedures for the same. Communication has so far been made to Hon. Onyango Oloo and his lawyers regarding his overdue loan repayments.	Not resolved	1-2 years`

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		We also wish to inform the auditor that the management will pursue all avenues afforded to it by law to ensure full recovery of the amount owed to the fund by Hon. Oloo		
Par 3	Non-Interest Debt (County Assembly of Kisumu)	The amount in question is in respect of unremitted money which deducted for repayment. The management is looking forward to have the sum be allocated for by the Assembly for repayment in the coming budget.	Not Resolved	2 – 3 years

