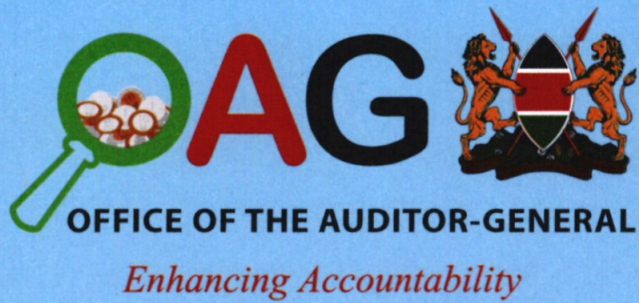
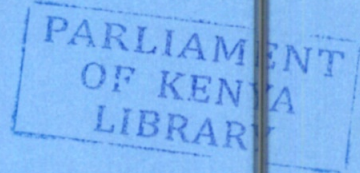


REPUBLIC OF KENYA



**REPORT**



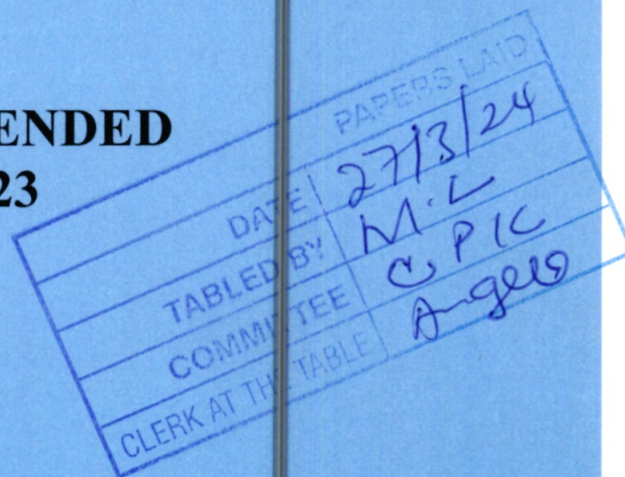
**OF**

**THE AUDITOR-GENERAL**

**ON**

**KERICHO COUNTY ASSEMBLY  
STAFF CAR LOAN AND MORTGAGE  
SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





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**KERICHO COUNTY ASSEMBLY STAFF CAR LOAN AND MORTGAGE  
SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

---

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

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

**Fiduciary Management**

The key management personnel who had financial responsibility

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**2. Key Entity Information and Management**

**a) Background information**

Kericho County Assembly Staff Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund) Regulations, 2016. The Regulations was established appropriately to guide the implementation for the benefits of its employees. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

The Fund's principal activity is to facilitate members of staff to purchase residential houses and to have cars.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to motivate public officers and immensely contribute towards attraction and retention of requisite skills in the public service in line with the constitutional principles under Article 230(5) of the constitution.

**c) Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Philip Rono	Chairperson
2	Hon.Haron Rotich	Vice Chair
3	Hon.Hezron Ng'etich	Member
4	Hon. Dominic Mutai	Member
5	Hon. Bafina Serem	Member
6	Mr.Martin Epus	Secretary
7	Mrs. Sharon Mibey	Member
8	Mr.Aggrey Kirui	Member
9	Mr.KiplangatTerer	Secretariat

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**d) Key Management Team**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Mr.Martin Epus	Clerk to the County Assembly of Kericho
2	Mrs.Sharon Mibey	Deputy Clerk
3	Mr.Aggrey Kirui	Principal Finance Officer
4	Mr.Kiplangat Terer	Accountant
5	Mrs.Rose Chelangat	Senior Accountant

**e) Fiduciary Oversight Arrangements**

**a.** The public and other stakeholders through public participation play a significant role and greatly influence decision making ultimately improving the governance process.

**b.** County Budget and Economic Forum, which presents the ideal opportunity to strengthen the engagement between the County Government and the County residents.

**c.** The Budget and Appropriation Committee reviews the budget estimates submitted by County Executive and proposes the same for adoption or rejection of the same in the full House of the County Assembly.

**d.** Internal Audit unit and Audit Committee undertake periodic reviews of expenditures and make recommendations on improprieties noted.

**e.** Independent offices set by law, which is the office of the Auditor General and Controller of Budget for review of programmes to ensure there is no wastage and Value for Money is achieved.

**f.** County Assembly Public and Investment Committee reviews all audit reports submitted by the County Executive.

**f) Registered Offices**

Kericho County Assembly Headquarters

P.O.BOX 1526-20180

Kericho, KENYA.

**g) Fund Contacts**

Telephone :( 254) 745169000

[www.assembly.kericho.go.ke](http://www.assembly.kericho.go.ke)

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**h) Fund Bankers**

Kenya Commercial Bank  
P.O. Box 48400-00100  
Nairobi, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**





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

**k) County Attorney**






Kericho County Government  
County Attorney  
P.O.Box 112-20200  
Kericho

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. Fund Administration Committee**

Name	Details of qualifications and experience
	<p>Hon. Philip Rono is the Chairperson of the Committee. He is the elected member of Kericho County Assembly representing Kamasian Ward and also the Majority leader of the County Assembly. He was born in 1989. Hon. Philip holds a bachelor's degree in Strategic Management and a Diploma in Electrical and Electronics Engineering as well as Higher National Diploma in Instrumentation, Served as NYS officer and later worked as an Engineer at Safaricom PLC Ltd before being elected.</p>
	<p>Hon. Haron Rotich is the Vice Chairperson of the Committee. He is the elected Member of County Assembly representing Seretut/Cheptororiet Ward and he is also the Chief Whip of the County Assembly. He was born in 1989. He holds a Diploma in Civil Engineering.</p>
	<p>Hon. Hezron Ng'etich is the member of the Committee Board. He is the elected Member of County Assembly representing Chelchila Ward and the Chairperson of Lands, Physical planning and Housing Committee. He was born in 1987. Hon. Hezron holds a Bachelors Degree in Project Management and a Diploma in Civil Engineering.</p>
	<p>Hon. Dominic Mutai is a Member of the Committee and the elected Member of County Assembly representing Kabianga Ward. He was born in 1979. Hon. Dominic holds a Diploma in Information Communication Technology and a CPA part I. He was the Chief Clerk for KTDA before being elected.</p>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>Hon. Bavina Serem is a Member of the Committee. She is a nominated Member of County Assembly and the deputy whip. She was born in 1986. Hon. Bavina has a Degree in Journalism and Mass Communication and served as a reporter at Kass TV before her nomination.</p>
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly who is the Fund administrator. He was born in 1970. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPA II, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds LLB (Bachelors Degree in Law), Masters in Law, Masters in Public administration as well as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Deputy director of Finance and Accounting of the County Assembly. He was born in 1972. Aggrey holds a Masters Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born on in 1994. He is a holder of degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**





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Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born on in 1980. She holds Bachelors degree of commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK)

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**4. Management Team**

Name	Details of qualifications and experience
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly. He was born in 1970. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPA II, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds LLB (Bachelors Degree in Law) ,Masters in Law, Masters in Public administration as well as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Principal Finance Officer of the County Assembly. He was born in 1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born in 1994. He is a holder of degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born on in 1980. She holds Bachelors degree of commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**5. Fund Chairperson's Report**

Kericho County Assembly Staff Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund) Regulations, 2016. The administration of it is done by a Committee known as the Kericho County Assembly Staff Car Loan and Mortgages Fund Management Committee.

The Fund Committee comprises of a team of Members of the County Assembly, staff and the Secretariat playing different roles and in the sub committees to administer the Fund. The chairperson of the Committee is the Leader of Majority of the County Assembly and the administrator of the Fund is the Clerk of the County Assembly.

The Kericho County Assembly Staff Car loan and Mortgage Scheme has over the years benefitted staffs in the acquisition of cars to improve mobility and in the housing for decent living. In turn this has translated to better performance in their core mandates. The total beneficiaries of the car loan and mortgage are 97 members of staff.

The Fund is expected to grow significantly and benefit all staff immeasurably. Younger workforce will benefit greatly on the car loans and mortgages schemes since the interest is low and can discourage them from borrowing loans from other financial institutions whose interest rates are exorbitant.

The Staff Car Loan and Mortgage Fund is managed internally by the management team whom I chair.


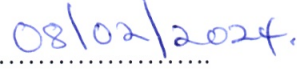
The Fund's performance is generally good as all employees have benefited from the fund except one who will benefit from it in the following financial year. The Fund is generally managed well and it has grown from Ksh.106, 350,101 from the previous year to Ksh.141, 099,407 at the close of 2022/2023 financial year.

Total administrative expenses paid for the year were Ksh.2, 310,102 compared to previous year of ksh. 736,899. This is due to the rise in number of meetings as there was deeper engagement on funds disbursement to staff noting that the fund got additional funding.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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Most employees who got the loans did not get maximum limit as given by the SRC. However, top ups are allowed from the remittance for them to complete their projects for the fund to have a meaningful benefit to them.

Hon. **Philip Rono** Signature..........Date..........

**Chairperson of the Fund Management Committee.**

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**6. Report of the Fund Administrator**

The Kericho County Assembly Car Loan and Mortgage scheme is established under the department of Finance and Economic Planning. The administration of this Fund is done by a Committee known as the Kericho County Assembly Staff Car Loan and Mortgages Fund Management Committee.

The Fund Committee comprises of a team of Members of the County Assembly and the Secretariat as members playing different roles and in the sub committees to administer the fund. The chairperson of the Committee remains the Leader of Majority of the County Assembly and the administrator of the Fund is the clerk of the County Assembly.

The Kericho County Assembly Staff Car loan and mortgage scheme has over the years benefited staffs in the acquisition of cars to improve mobility and in the housing for decent living. In turn this is expected to translate to performance in their core mandates. The total beneficiaries of the car loan and mortgage 97 members of staff.

The Fund is expected to grow significantly and benefit all staff immeasurably. Younger workforce will benefit greatly on the car loans and mortgages schemes since the interest is low and can discourage members of the scheme from borrowing loans from other financial institutions.

The County assembly Staff Car loans and Mortgage Fund Committee commits to administering the fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly as well as operating within the regulation of this fund.

The fund is generally managed well and it has grown from Ksh.106, 350,101 from the previous year to Ksh.141, 099,407 at the close of 2022/2023 financial year.

Total administrative expenses paid for the year were Ksh.2, 310,102 compared to previous year of ksh. 736,899. This is due to the rise in number of meetings as there was deeper engagement on funds disbursement to staff noting that the fund got additional funding.

During the financial year 2022/2023 the management team had a total of 18 meetings. The meetings were basically to examine the applicants' loan forms, to approve the loan applied, to discuss the options of sourcing funds to gather for all staff, to analyse on the fastest way of

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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getting security for the fund and discussing on the disbursement of funds to members. The management had only one training for members during the period.

There has been no reported case of corruption or conflict of interest as the fund is managed in the most transparent manner.

.....  
*ME*

**Name:** Martin Epus Patrick

**Fund Administrator**



**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**7. Statement of Performance against the County Assembly Fund's Predetermined Objectives**

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 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 strategic objectives of the County Assembly Staff Car Loan and Mortgage Fund is to Improve County Assembly Staff's living standards so as to boost their Administrative and Infrastructural Support Services to enable them assist members of county assembly to legislate and perform oversight function more effectively resulting in better utilization of public sector resources.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Formation of the Car loan and mortgage board	To Improve County Assembly Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;	Improved oversight and administration of the Car loan and mortgage	Members appointed	Functional Car Loan and Mortgage Fund Board
Capacity Building for Car Loans and mortgage fund Board	To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;	Increased efficiency in administration of car loan and mortgage scheme	Number of trainings	Car loan and mortgage fund board members capacity enhanced
Consultative forums with	To strengthen County Assembly's	Increased awareness on	Number of engagements	Best practices from similar

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

like-minded industry players	Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;	fund administration challenges	with fund managers	schemes/ industry replicated
Adherence to Controller of budget and national treasury requirements on requisitions	To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.	Continuous cash flows of the county assembly	Number of requisitions made	Funds availed to County Assembly Members and staff

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**9. Corporate Governance Statement**

Kericho County Assembly Mortgage Board held meetings to deliberate on issues concerning the Fund. The number of meetings should not exceed twenty in a year. The required quorum must be at least two-third at the beginning of each meeting. All the meetings are minuted by the secretariat for purposes of records and accountability.

Members of the Committee are appointed based on the requirements of the regulation governing the fund and they should be trained on Public Finance Management Act and also regulations that guide issuance of the fund to potential beneficiaries.

In case there is conflict of interest on a member of the Committee, such a member should declare his interest and will be exempted to attend that meeting where his contribution will create conflict of interest. Failure to declare such interest amounts to a criminal offence.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**10. Management Discussion and Analysis**

This is the Financial Statement for Kericho County Assembly Car Loan and Mortgage Fund for the financial period ended 30<sup>th</sup> June, 2023. This report was prepared and presented as required by Section 167 of the *Public Financial Management (PFM) Act 2012*. The report expounds on the expenditure incurred by the Kericho County Assembly in Staff car loan and Mortgage provision. The guiding regulations are the Kericho County Assembly Staff Car loan and Mortgage Scheme Fund Regulations of 2016 in line with the Salary and Remunerations Commission.

The Fund Administrator is the Clerk to the County Assembly of Kericho and its primary purpose is to advance car loan to members of staff for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff. The Fund is generally managed well and it has grown from Ksh.106, 350,101 from the previous year to Ksh.141, 099,407 at the close of 2022/2023 financial year. Total administrative expenses paid for the year were Ksh.2, 310,102 and the accumulated surplus for the period was Ksh 2, 449,306. During the financial year, the management committee resolved to have an internal borrowing from members Fund so as to advance the remaining members of staff with mortgages.

The Fund is in compliance all the statutory and financial obligations.

The key challenges noted during the period included delay in release of funds by the National Treasury and insufficient funds to the kitty to gather for the maximum amount entitled to each staff as per the SRC guideline.

The risks relating to the management of the Fund is in the event of death or termination of service of a member who have not provided security documents, there is risk of losing the funds.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**11. Report of the Fund Administration Committee**

The Committee submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund is to provide a car loan scheme for the purchase of vehicles as well as Mortgages for the purchase, development, renovations or repair of residential property by the members of staff.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on pages 1-42.

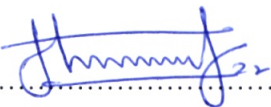
**Trustees**

The members of the Fund Administration Committee who served during the year are shown on page vii-ix. There were changes of the board chairperson during the period due to changes in house leadership. The majority leader was changed from Hon. Hezron Ngetich to Hon. Vincent Korir and later to the current chair of the Fund administration committee, Hon. Philip Rono.

**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 Administration Committee

  
.....

**Chair of the Fund Administration Committee**

Date: 08/02/2023  
.....

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**12. 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 Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund regulations of 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 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, 2023. 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 mis-statements, whether due to error or fraud;
- (iv) safeguarding the assets of the Fund;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund regulations of 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 financial year ended June 30, 2023 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.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

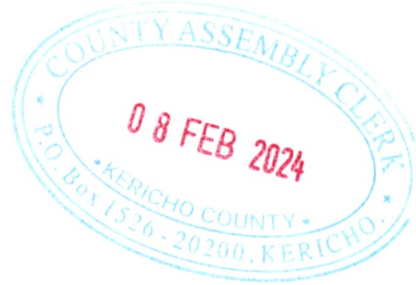
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**Approval of the financial statements**

The Fund's financial statements were approved by the Committee on 8<sup>th</sup> February 2024 and signed on its behalf by:

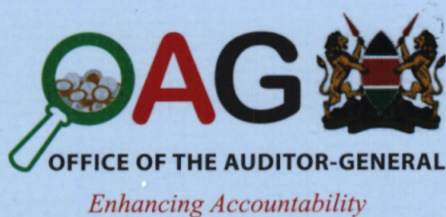
..... *Mg.* .....

**Administrator of the County Public Fund**



# 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 KERICHO COUNTY ASSEMBLY STAFF CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund set out on pages 1 to 41, which comprise the

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund as at 30 June, 2023 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 Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund Regulations, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

##### **1.1 Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance as at 30 June, 2023 of Kshs.1,288,623 which includes Kshs.2,814,276 in respect of cash and cash equivalents as at 01 July, 2022. However, a re-computation of the comparative balance of cash and cash equivalents revealed Kshs.3,431,801 resulting to unreconciled and unexplained variance of Kshs.617,525. Further, the statement reflects an amount of Kshs.2,399,879 in respect of administrative expenses paid that is at variance with the amount of Kshs.2,310,102 reflected in the statement of financial performance resulting to unexplained and unreconciled variance of Kshs.89,777.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

##### **1.2 Fund Administration Expenses**

The statement of financial performance reflects fund administration expenses amount of Kshs.2,310,102 which includes an amount of Kshs.176,400 in respect of tax on committee allowances and as disclosed in Note 6 to the financial statements. However, review of the expenditure supporting schedule revealed an amount of Kshs.207,990 resulting to unexplained and unreconciled variance of Kshs.31,590. Further, review of the statement of comparison of budget and actual amounts reflects an amount of Kshs.207,990 in respect of tax on committee allowances that is at variance with the amount of Kshs.176,400 as reflected in the statement of financial performance and Note 6 to the financial statements.

In the circumstances, the accuracy and completeness of the expenditure amount of Kshs.176,400 could not be confirmed.

## 2. Receivables from Exchange Transactions

### 2.1 Unsupported Other Current Receivables

The statement of financial position and as disclosed in Note 9 to the financial statements reflects current portion of long term receivables from exchange transactions balance of Kshs.12,874,200 which includes other receivables of Kshs.1,255,500 whose ledger, supporting schedule and aging analysis were not provided for audit review.

In the circumstances, the accuracy and completeness of the balance of Kshs.1,255,500 could not be confirmed.

### 2.2 Long-Term Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 6 to the financial statements reflects a balance of Kshs.126,957,079 in respect of long-term receivables from exchange transactions. However, re-calculation of the balance using information provided revealed balance of Kshs.127,357,639 resulting to unexplained and unreconciled variance of Kshs.400,560 as detailed below;

Details	Amount (Kshs.)
Opening Balance as at 01 July, 2022	94,248,933
Add New Loans Issued	46,070,051
Less Loans Repayments	(9,805,172)
Less Interest Earned	(3,156,173)
Re-Calculated Balances as at 30 June, 2023	127,357,639
Less Balance in Financial Statements	126,957,079
<b>Variance</b>	<b>400,560</b>

Further, the long-term receivables from exchange transactions balance of Kshs.126,957,079 was not supported with individual amortization schedules.

In the circumstances, the accuracy and fair statement of the long-term receivables from exchange transactions balance of Kshs.126,957,079 could not be confirmed.

## 3. Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 13 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.80,209. The balance includes Kshs.513 and Kshs.79,696 in respect of prepaid loans and erroneous transfers respectively, which were not supported with receipt schedules and bank statements.

In the circumstances, the accuracy and completeness of the balance of Kshs.80,209 could not be confirmed.

#### **4. Unsupported Principal Loan Advances and Loan Repayments**

The statement of cash flows reflects principal loan repayments received and loans advanced to staff of the County Assembly of Kshs.9,805,172 and Kshs.46,070,051 respectively. However, payroll deductions in support of the loan repayments were not provided for audit review. Further, documents in support of mortgages granted to members including approved copies of the designs of the proposed property, bills of quantities in respect of the proposed development, renovation or repair, official searches of the title to the property intended to be purchased and certified copies of the sale agreement relating to the property were not provided for audit. This was contrary to Regulation 10(2) of the Public Finance Management (Kericho County Assembly Staff Mortgage Scheme Fund) Regulations, 2016.

In addition, evidence that the loans disbursed were exclusively utilized for purchase, development, renovation or repair of property for the occupation of the applicants or their immediate families was not provided for audit and therefore, the utilization of the funds could not be confirmed. This is contrary to the Regulation 8(1) of the Public Finance Management (Kericho County Assembly Staff Mortgage Scheme Fund) Regulations, 2016.

In the circumstances, the accuracy and completeness of the amounts of Kshs.9,805,172 and Kshs.46,070,051 could not be confirmed. In addition, Management was in breach of the law.

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

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Unresolved Prior Year Matters**

Prior year audit issues remained unresolved as at 30 June, 2023. Although Management included all the issues under progress on follow-up on prior year auditor's recommendations in the financial statements were all resolved, no report was provided by the Management indicating how they addressed the audit recommendations and findings of the previous years' audits and the issues remain unresolved.

## 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. Lack of an Approved Budget**

The statement of comparison of budget and actual amounts reflects final budget amounts of Kshs.4,759,408 and Kshs.2,417,716 in respect of revenue and expenditure respectively. However, an approved budget for the year under review was not provided for audit as required by Section 149(2)(h) of Public Finance Management Act, 2012, which requires Accounting Officers to prepare estimates of expenditure of the entity in conformity with its strategic plan.

In the circumstances, Management is in breach of law.

#### **2. Unbalanced Budget**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects final income budget of Kshs.4,759,408 and an expenditure budget of Kshs.2,314,692 resulting to a variance of Kshs.2,417,716. The budget imbalance is contrary to the provisions of Section 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

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

#### **3. Unauthorized Internal Borrowings**

The statement of financial position reflects a balance of Kshs.12,500,000 in respect of internal borrowings which Management described as transfers from Kericho County Assembly Members Car Loan and Mortgage Fund. However, the transfers from the other established County Assembly Fund was not included in the approved budget for the year and were made in breach of Section 154(1)(a) of the Public Finance Management Act, 2012 which states that an accounting officer shall not authorize the transfer of an amount that is appropriated for transfer to another County Government entity or person.

Further, the transferred amount had not been refunded contrary to Section 142(1) and (3) of the Public Finance Management Act, 2012 which provides that County Assembly may authorize short term borrowing by County Government entities for cash management purposes only and 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 was

borrowed. No explanation has been given on why the inter entity borrowing was not cleared within the financial years.

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

#### **4. Non-Recovery of Loan Arrears**

The statement of financial position and as disclosed in Note 9 to the financial statements reflects long term receivables from exchange transactions of Kshs.126,957,079 which includes Kshs.3,249,514 in respect of unrecovered loan arrears due from two staff members who were dismissed from service. However, no recoveries had been made since January, 2021.

Further, there was no evidence that the title deeds were held by the Fund Management Committee. This is contrary to Regulation 17 of the Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund Regulations, 2016 which provides that the Committee may call in a loan in default and sell the charged property by public auction or private treaty where the borrower is in breach of the terms under the loan agreement.

In the circumstances, the recoverability of receivables of Kshs.3,249,514 could not be confirmed. In addition, Management was in breach of the law.

#### **5. Failure to Register Charges on Securities**

Review of the title deeds securing the mortgages granted revealed that the Fund had not registered charges on the titles to reflect its interest in the properties and secure the outstanding loans. This is contrary to Regulation 15(1) of the Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund Regulations, 2016 which requires Officer administering the Fund to have a charge registered on the property financed through a loan granted under the Regulations and to have the Fund's name entered in all documents of title for such property.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 Mortgage Protection Policy and Motor Insurance**

Review of the financial records in respect of mortgages loans totaling to Kshs.46,070,051 were issued to the staff of the County Assembly. However, as previously reported, the Management has not developed mortgage protection and fire policies with an insurance firm approved by the Fund Management Committee. This is contrary to Regulation 16(1) of the Public Finance Management (Kericho County Assembly Staff Mortgage Fund) Regulations, 2016 which requires the borrower to take out and maintain a mortgage protection policy and a fire policy with an insurance company approved by the Management Committee. Failure to develop these policies is contrary to the law and exposes the Fund to risk of loss in case of unforeseen occurrence.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions 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 controls, 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**

The 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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 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 comply 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 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 which 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 on whether, in all material respects, 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, 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 controls 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 controls would not necessarily disclose all matters in the internal controls which 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 controls 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 controls.
- 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**13 March, 2024**

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*Report of the Auditor-General on Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023*

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income from loans	4	3,156,173	3,063,646
Other Income: Insurance (contra)	5	1,603,235	461,618
<b>Total Revenue</b>		<b>4,759,408</b>	<b>3,525,264</b>
<b>Expenses</b>			
Fund administration expenses	6	2,310,102	736,899
<b>Total Expenses</b>		<b>2,310,102</b>	<b>736,899</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	7	-	-
Gain /Loss on fair value of investments	7	-	-
<b>Surplus/(Deficit)for the Period</b>		<b>2,449,306</b>	<b>2,788,365</b>

*Mg*

Name: Martin Epus Patrick  
Administrator of the Fund

*Rose*

Name: Rose Chelangat  
Fund Accountant  
ICPAK Member Number:21194



**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement of Financial Position as at 30th June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	1,288,623	2,814,277
Current Portion of Long- Term Receivables From Exchange Transactions	9	12,874,200	9,316,954
Prepayments	10	59,714	4,527
Inventories	11	-	-
Investments in financial assets	11	-	-
<b>Total current assets</b>		<b>14,222,537</b>	<b>12,135,758</b>
<b>Non-Current Assets</b>			
Property ,Plant and Equipment	12	-	-
Intangible Assets	12	-	-
Long Term Receivables from Exchange Transactions	9	126,957,079	94,248,933
Investment Property	12	-	-
<b>Total non- current assets</b>		<b>126,957,079</b>	<b>94,248,933</b>
<b>Total Assets</b>		<b>141,179,616</b>	<b>106,384,691</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	13	80,209	34,590
Current Portion of Borrowings	14	-	-
Employee Benefit Obligations	15	-	-
Social Benefit Liabilities	16	-	-
<b>Total current liabilities</b>		<b>80,209</b>	<b>34,590</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	14	-	-
Non-Current Employee Benefit Obligation	15	-	-
<b>Total Liabilities</b>		<b>80,209</b>	<b>(34,590)</b>
<b>Net Assets</b>		<b>141,099,407</b>	<b>106,350,101</b>
<b>Financed by;</b>			
Revolving Fund		<b>123,361,736</b>	103,561,736

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Internal Borrowings- Members Car loan and Mortgage	14	12,500,000	
Reserves		-	-
Accumulated Surplus		5,237,671	2,788,365
<b>Total Net Assets and Liabilities</b>		<b>141,099,407</b>	<b>106,350,101</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 8<sup>th</sup> Feb. 2024 and signed by:

.....  
**Name: Martin Epus Patrick**  
**Administrator of the Fund**

.....  
**Name: Rose Chelangat**  
**Fund Accountant**  
**ICPAK Member Number: 21194**



**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1<sup>st</sup> July 2021</b>	<b>103,561,736</b>	-	-	<b>103,561,736</b>
Surplus/(Deficit) For the Period	-	-	2,788,365	2,788,365
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30<sup>th</sup> June 2022</b>	<b>103,561,736</b>	-	<b>2,788,365</b>	<b>106,350,101</b>
<b>Balance As At 1<sup>st</sup> July 2022</b>	<b>103,561,736</b>	-	<b>2,788,365</b>	<b>106,350,101</b>
Surplus/(Deficit) For the Period	-	-	2,449,306	2,449,306
Funds Received During the Year	19,800,000	-	-	19,800,000
Internal Borrowings	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30<sup>th</sup> June 2023</b>	<b>123,361,736</b>	-	<b>5,237,671</b>	<b>128,599,407</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Statement of Cash Flows for the Year Ended 30th June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Interest received	4	3,156,173	3,063,646
Receipts from other operating activities-Insurance	5	1,603,235	130,947
<b>Total receipts</b>		<b>4,759,408</b>	<b>3,063,646</b>
<b>Payments</b>			
Administration Expenses paid	6	2,399,879	243,691
Total payments		<b>(2,399,879)</b>	<b>(243,691)</b>
<b>Net cash flows from operating activities</b>		<b>2,359,529</b>	<b>2,819,955</b>
<b>Cash flows from investing activities</b>			
Principal Loan repayments Received		9,805,172	8,946,658
Loan disbursements paid out		-	-
Transfers from other accounts- Erroneous Transfer	13	79,696	-
Mortgage and Car loan advanced to staff		(46,070,051)	(9,523,856)
<b>Net cash flows used in investing activities</b>		<b>(36,185,183)</b>	<b>8,946,658</b>
<b>Cash flows from financing activities</b>			
Receipts from County Assembly	2	19,800,000	
Internal Borrowings from MCAs Fund	14	12,500,000	-
Refund to operations(Over paid instalments)		-	(233,100)
<b>Net cash flows used in financing activities</b>		<b>32,300,000</b>	<b>(1,296,876)</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(1,525,653)</b>	<b>1,523,079</b>
Cash and cash equivalents at 1 July 2022		2,814,276	1,291,197
<b>Cash and cash equivalents at 30 June 2023</b>	8	<b>1,288,623</b>	<b>2,814,276</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**18. Statement of Comparison of Budget and Actual Amounts for the Period**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	-
Transfers	-	-	-	-	-	100%
Interest Income	3,156,173	-	3,156,173	3,156,173	-	100%
Other Income	-	-	-	-	-	-
Loan Insurance income	1,603,235	-	1,603,235	1,603,235	-	100%
<b>Total Income</b>	<b>4,759,408</b>	<b>-</b>	<b>4,759,408</b>	<b>4,759,408</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses- sitting allowances	502,420	-	502,420	502,420	-	100%
Bank charges	28,047	-	28,047	28,047	-	100%
Tax on committee allowances	207,990	-	207,990	207,990	-	100%
Loan insurance	1,603,235	-	1,603,235	1,603,235	-	100%
<b>Total Expenditure</b>	<b>2,341,692</b>	<b>-</b>	<b>2,341,692</b>	<b>2,341,692</b>	<b>-</b>	<b>100%</b>
<b>Surplus For the Period</b>	<b>2,417,716</b>	<b>-</b>	<b>2,417,716</b>	<b>2,417,716</b>	<b>-</b>	<b>100%</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**19. Notes to the Financial Statements**

**1. General Information**

Kericho County Assembly Staff Car loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Staff Car loan and Mortgage) Regulations, 2016 and derives its authority and accountability from Article 230 of the constitution and section 13 of the Salaries and Remuneration Commission Act, 2011. County Assembly of Kericho has established appropriate regulations to guide the implementation for the benefits of its employees. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

The Fund's principal activity is to facilitate members of staff to purchase residential houses and to have cars

**2. 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.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. Adoption of new and revised standards**

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of</p>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <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>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul>

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Standard	Effective date and impact
	<p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets	<i>Applicable 1<sup>st</sup> January 2025</i>

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Standard	Effective date and impact:
Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2022 because the standard became applicable within the year under review.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**I. Significant Accounting Policies**

**a) 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2022-2023 was approved by the County Assembly on 26<sup>th</sup> June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund**  
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**Summary of Significant Accounting Policies (Continued)**

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance.

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 18 of these financial statements.

**c) 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.

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**d) 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 generate 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.

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an given year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

**Financial assets**

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**Summary of Significant Accounting Policies (Continued)**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 20*.

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**Financial liabilities  
Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**g) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) 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.

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**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**j) 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. 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.

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

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.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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***Summary of Significant Accounting Policies (Continued)***

**l) Employee benefits– Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) 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.

**n) 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.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund**  
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**o) Related parties**

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

**p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**q) Comparative figures**

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

**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.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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***Summary of Significant Accounting Policies (Continued)***

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:

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available.

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 materi

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**6. Notes to the Financial Statements**

**1. Public contributions and donations**

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	19,800,000	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>19,800,000</b>	<b>-</b>

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	-	-

**4. Interest income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	3,156,173	3,063,646
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>3,156,173</b>	<b>3,063,646</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements Continued**

**5. Other income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	1,603,235	461,618
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>1,603,235</b>	<b>461,618</b>

**6. Fund administration expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Committee sitting allowances	502,420	192,990
Loan insurance (contra)	1,603,235	461,618
Bank charges	28,047	8,581
Tax on committee allowances	176,400	73,710
<b>Total</b>	<b>2,310,102</b>	<b>736,899</b>

NB: The tax on committee allowance paid during the period is Ksh.207, 990 which included Ksh.31, 590 accrued for the prior year. Insurance paid during the year is Ksh.1, 661,422. Total administration expenses paid for the year amounted to Ksh.2,399,879.

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**7. Gain/(loss) on disposal of assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8. Cash and cash equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
KCA Car Loan and Mortgage Account	1,288,623	-
Cash in hand- cashbook	-	2,814,277
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>Total Cash And Cash Equivalents</b>	<b>1,288,623</b>	<b>2,814,277</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank	1204187967	1,288,623	2,814,277
<b>Sub- Total</b>		<b>1,288,623</b>	<b>2,814,277</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>1,288,623</b>	<b>2,814,277</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**9. Receivables from exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Receivables	11,618,700	9,316,954
Other receivables:- June 2023 deductions not remitted	1,255,500	
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>12,874,200</b>	<b>9,316,954</b>
<b>Non-Current Receivables</b>		
Long Term Loan Receivables	126,957,079	94,248,933
<b>Total Non- Current Receivables</b>	<b>126,957,079</b>	<b>94,248,933</b>
<b>Total Receivables From Exchange Transactions</b>	<b>139,831,279</b>	<b>103,565,887</b>

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	2,645,998	3,156,173
Accrued interest receivable from long-term loans of previous years	20,855,066	
Interest receivable from current portion of long-term loans issued in the current year	1,322,129	
<b>Current loan repayments due</b>		

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Current portion of long-term loans from previous years	8,713,218	-
Accrued principal from long-term loans from previous periods	-	-
Current portion of long-term loans issued in the current year	2,905,482	-

**10. Prepayments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	59,714	4,527
Other Prepayments	-	-
<b>Total</b>	<b>59,714</b>	<b>4,527</b>

**11. Inventories**

Description	2022-2023	2021-2022
	Kshs	Kshs
ConsumableStores	-	-
Investments in financial assets	-	-
SpareParts andMeters	-	-
Catering	-	-
Other Inventories	-	-
<b>TotalInventoriesatTheLowerofCostandNetRealizableValue</b>	<b>-</b>	<b>-</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements (Continued)**

**12. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements (Continued)**

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables- Prepaid Loans	513	-
Tax payable	-	31,590
Accrued Expenses: Insurance	-	3,000
Other Payables- Erroneous Transfers	79,696	-
<b>Total Trade and Other Payables</b>	<b>80,209</b>	<b>34,590</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

**14. Borrowings**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year		-
Domestic Borrowings During the Year-Family Bank Mcas Account and KCA Operations recurrent Account Transfers	12,500,000	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	<b>12,500,000</b>	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From ‘ Organization’	-	-
Sterling Pound Denominated Loan From ‘Organization’	-	-
Euro Denominated Loan from ‘ Organization’	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Mcas Family Bank ac and KCA Operations recurrent Account transfers	12,500,000	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	<b>12,500,000</b>	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	12,500,000	-
<b>Total</b>	<b>12,500,000</b>	-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements (Continued)**

**15. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**16. Social Benefit Liabilities**

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non-current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

**17. Cash generated from operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>2,449,306</b>	<b>2,788,365</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	(3,063,646)
Finance Cost	-	275,281
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	(58,187)	(900,304)
Increase In Payables	(31,590)	34,590
<b>Net Cash Flow From Operating Activities</b>	<b>2,359,529</b>	<b>2,819,955</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

**18. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Fund Administration Committee;etc.

**b) Related party transactions**

Description	2022-2023	20	1-2022
	Kshs		Kshs
Transfers From Related Parties'	-		-
Transfers To Related Parties	-		-

**c) Key management remuneration**

Description	2022-2023	20	1-2022
	Kshs		Kshs
Fund Administration Committee	-		-
Key Management Compensation	-		-
<b>Total</b>	-		-

**d) Due from related parties**

Description	2022-2023	20	1-2022
	Kshs		Kshs
Due From Parent Ministry	-		-
Due From County Government	-		-
<b>Total</b>	-		-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Other Disclosures Continued**

**e) Due to related parties**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**19. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Notes to the Financial Statements (Continued)**

**20. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

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

The entity has no significant concentration of credit risk on any amounts due.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (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 on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2022-2023</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021-2022</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

**d) Capital risk management.**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**21. Events after the reporting period**

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

**22. Ultimate and Holding Entity**

The entity is a County Public Fund established by and derives its authority and accountability from Article 230 of the constitution and section 13 of the Salaries and Remuneration Commission Act, 2011. Under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Kericho.

**23. Currency**

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


**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**20. Annexes**

**Annex I: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Inaccuracies in the statement of cash flows	The inaccuracies were corrected.	Resolved	
2	Lack of an approved Budget	The management to prepare and approve budget for the financial year	Resolved	
3	Unsecured loans	The management to ensure all loans disbursed are secured with loanees’ property.	On-going	30th December 2024
4	Lack of internal Audit review	The internal audit review was done after the close of financial year. Futures reviews will be done during the financial year.	Resolved	

  
**MARTIN EPUS**  
**FUND ADMINISTRATOR.**  
 Date...8/2/2024.....



**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex II: Inter-Fund Confirmation Letter**

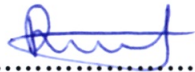
*Kericho County Assembly,  
P.O BOX 1526 -20200,  
KERICHO.*


The *Kericho County Assembly* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received Kericho County Assembly Staff Car Loan and Mortgage Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Kericho County Assembly (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by Kericho County Assembly Staff Car Loan and Mortgage Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
REC/0050030797	24/05/2023			19,800,000	19,800,000	19,800,000	0
KC/KSM	6/06/2023			12,500,000	12,500,000	12,500,000	0
<b>Total</b>				<b>33,300,000</b>	<b>33,300,000</b>	<b>33,300,000</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**ROSE CHELANGAT,  
FUND ACCOUNTANT.**

Name ..... Sign  ..... Date ..... **08 FEB 2024** .....



**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Kericho County Assembly Staff Car Loan and Mortgage Scheme Fund  
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**Annex IV: Reporting on Disaster Management Expenditure**

Column I Programme	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments



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