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THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY ASSEMBLY STAFF
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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**KIAMBU COUNTY ASSEMBLY
COUNTY ASSEMBLY STAFF LOAN SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

**County Assembly Staff Loan Scheme fund
Reports and Financial Statements
For the year ended June 30, 2024**

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County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 |
| DoB | Date of birth |
| FY | Financial Year |
| LLB | Bachelor of Laws |
| UoN | University of Nairobi |
| CS | Certified Secretaries |
| IHRM | International Human Resource Management |
| ICPS | International Centre for Parliamentary Studies |
| SRC | Salaries and Remuneration Commission |
| KRA | Kenya Revenue Authority |
| KCA | Kenya College of Accountancy |
| KCB | Kenya Commercial Bank |

b) Glossary of Terms

Fiduciary Management.

The key management personnel who had financial responsibility were;

1. Fund Administrator;
2. Head of Finance in the County Assembly; and
3. The Loan Management Committee.

2. Key Entity Information and Management

a) Background information

The County Assembly Staff Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management Act “County Assembly Staff Loan Scheme Fund” regulations, 2018. The Fund is under the County Government of Kiambu, Kenya.

The Fund’s objective is to provide mortgages to the staff of the County Assembly to purchase, develop, renovate, and repair residential property.

b) Principal Activities

To provide mortgages to the staff of the county Assembly.

The County Assembly Vision, Mission, and Core Values:

Vision

To be a vibrant, value-oriented, quality-driven, and people-responsive County Assembly in Kenya.

Mission

To be a transformative, efficient, effective, and democratic discharge of representation, legislative, and oversight mandates.

Core values

1. Independence;
2. Integrity;
3. Openness;
4. Professionalism;
5. Concern and;
6. Equity and unity in diversity.

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

c) The Loan Management Committee

| Ref | Name | Position |
|-----|----------------------------------|--------------------------------------|
| 1. | Mr John Mwivithi Mutie | Fund Administrator |
| 2. | Mr. James Methu Michire | Chairman, Loan Management Committee |
| 3. | Mr. David Kirigi Ngure | Member, Loan Management Committee |
| 4. | Ms. Sarah Felicity Nkatha Kiruki | Member, Loan Management Committee |
| 5. | Mr. James Githu Muiruri | Member, Loan Management Committee |
| 6. | Mr. Godfrey Muriuki | Member, Loan Management Committee |
| 7. | Ms. Hannah Gituiria | Secretary, Loan Management Committee |

d) Key Management team

| Ref | Name | Position |
|-----|----------------------------------|--------------------------------|
| 1. | Mr John Mwivithi Mutie | Fund Administrator |
| 2. | Ms. Sarah Felicity Nkatha Kiruki | Director, Finance and Accounts |
| 3. | Mr. Gabriel Karimi Muriithi | Principal Accountant |
| 4. | Mr. John Ichamugo Mugo | Accounts Officer II |

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|----|--|--|
| 1. | Head of Internal Audit | i. Mr. Flavian Gatimu Kung'u |
| 2. | County Assembly Public Investments and Account Committee | i. Hon. Obudho Kennedy Odhiambo, Chairperson ii. Hon. Kamau James Boro, Member iii. Hon. Wanyutu Wamwere, Member iv. Hon. Njue John Njiru, Member v. Hon. Munga Nelson Mbuiyu, Member vi. Hon. Muthondu John Ngure, Member vii. Hon. Ndungu Erick Warugu, Member viii. Hon. Njama Joakim Mwangi, Member |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | | |
|----|-----------------|---|
| | | <ul style="list-style-type: none"> ix. Hon. Munana Moses Muiruri, Member x. Hon. Mbugua Zacharia Macharia, Member xi. Hon. Nyaga Esther Wambui, Member xii. Hon. Irungu Esther Muthoni, Member xiii. Hon. Mburu Susan Njeri, Member xiv. Hon. Kamau Alice Wangui, Member xv. Hon. Hinga Grace Wanjiru, Mca |
| 3. | Audit Committee | <p>The audit committee was constituted in November 2020. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held three meeting in FY 2023/2024. The committee members during FY 2023/2024 were:</p> <ul style="list-style-type: none"> i. Naomi Mwangi, Acting Chairperson ii. Phillip Muriuki, Member iii. Maureen Njambi, Speaker Nominee iv. Flavian Gatimu, Secretary <p>The audit committee was constituted in November 2020. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held new committee member were appointed in to office in June 2024 and they are :</p> <ul style="list-style-type: none"> i. Samuel Mwaura, Chairperson |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

| | | |
|--|--|---|
| | | ii. Salome Gakure, Member iii. Joseph Njoroge, Member iv. Flavian Gatimu, Secretary |
|--|--|---|

f) Registered Offices

Kiambu Assembly Buildings

P.O. Box 1492-00900

KIAMBU, KENYA

g) Fund Contacts

Telephone: 0675860000

E-mail: info@kiambuassembly.go.ke

Website: www.kiambuassembly.go.ke

h) Fund Bankers

Kenya Commercial Bank

P.O. Box 81-00900

KIAMBU, KENYA.

Key Entity and Management (Continued)

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 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

County Attorney
Nova County Office
P.O. Box 2344-00900
KIAMBU, KENYA




3. The Loan Management Committee

| Name | Details of qualifications and experience |
|---|--|
| <p>1. Mr John Mwivithi Mutie</p>  | <p>Fund Administrator, DoB: 29th September, 1970</p> <p>He is the Clerk of the County Assembly of Kiambu.</p> <p>He holds an LLB from the (UoN). He is a CPS (K) - Member of ICPS (K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Mr John Mutie has a public service experience of over 27 years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.</p> <p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.</p> |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | |
|---|--|
| <p>2.Mr. James Methu Michire</p>  | <p>Chairman, Loan Management Committee,</p> <p>He is an Assistant Hansard editor at the County Assembly of Kiambu.</p> <p>He was born in 1982 and holds a Bachelor of Arts (Economics and Sociology) from Egerton University.</p> <p>The staff members nominated him to be their representative in adherence to the County Assembly Staff Loan Scheme fund. He has over nine years of working experience in the Public Sector.</p> |
| <p>3.Mr. David Kirigi Ngure</p>  | <p>Member, Loan Management Committee,</p> <p>He is the Deputy Clerk and Director of Legislative and Procedural Services at the County Assembly of Kiambu.</p> <p>He is pursuing a Master of Public Administration at the University of Nairobi. He holds a Bachelor of Laws (LLB) from the University of Nairobi and a Postgraduate Diploma in Law from Kenya School of Law.</p> <p>Between May 2018 and May 2021, Mr. David intermittently served as Director of Legislative and Procedural Services at Kiambu County Government.</p> <p>Mr. David has attended various training on Parliamentary Affairs from the International Centre for Parliamentary Studies (ICPS), London, and the New Managers Leadership Program and Legislative Drafting from Strathmore University.</p> |
| <p>4.Ms. Sarah Felicity Nkatha Kiruki</p> | <p>Member, Loan Management Committee,</p> <p>She is the Director of Finance and Accounts at the County Assembly of Kiambu, with more than ten years of experience in the Accounting and Auditing field. She was born in 1980.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and holds a Bachelor's in Business Administration (Finance and Accounting) from Kenya</p> |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | |
|--|---|
|  | <p>Methodist University. She is also a Certified Public Accountant (ICPAK No.6244)</p> |
| <p>5.Mr. James Githu Muiruri</p>  | <p>Member, Loan Management Committee, DoB 24th August 1978.</p> <p>He is the Director of Human Resources at the County Assembly of Kiambu. He is pursuing a Master of Leadership and Governance at Kenyatta University. He holds a Bachelor of Arts in Leadership and Management from St. Paul's University, including a Diploma in Human Resources from Kenya Institute of Management. He is a registered and Certified Human Resource Practitioner (CHRP K), a Certified and Accredited Mediator, an Arbitrator of the High Court, and a Member of the Chartered Institute of Arbitrators London and Kenya. Previously, he was a Principal Human Resource Officer at Nairobi City Council. He also serves as a member of the board of directors at Kiambu Water Company.</p> |
| <p>6.Mr. Godfrey Muriuki</p>  | <p>Member, Loan Management Committee,</p> <p>He is the Principal Legal counsel at the County Assembly of Kiambu with work experience of over ten years. He was born in 1989.</p> <p>He holds an LLB (Hons) from the Catholic University of Eastern Africa and a diploma in Law from Kenya School of Law and CPS Section (I and II)</p> |


7. Ms. Hannah Gituiria





Secretary, Loan Management Committee,

She is a procurement officer at the County Assembly of Kiambu with more than four years of working experience. She was born on July 16, 1986, and holds a Purchasing and Supplies Management diploma from Kenya Institute of Management. She is also a registered member of KISM (Member no.79219)


4. Management Team

| Name | Details of qualifications and experience |
|--|---|
| <p>1. Mr. John Mwivithi Mutie</p>  | <p>Fund Administrator,</p> <p>DoB: 29th September, 1970</p> <p>He is the Clerk of the County Assembly of Kiambu.</p> <p>He holds an LLB from the (UoN). He is a CPS(K) - Member of ICPS(K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Mr John Mutie has a public service experience of over 27 years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.</p> |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | |
|---|---|
| | <p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.</p> |
| <p>2. Ms.Sarah Felicity Nkatha Kiruki</p>  | <p>Fund Accountant,</p> <p>She is the Director of Finance and Accounts at the County Assembly of Kiambu, with more than ten years of experience in the Accounting and Auditing field. She was born in 1980.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and holds a Bachelor’s in Business Administration (Finance and Accounting) from Kenya Methodist University. She is also a Certified Public Accountant (ICPAK No.6244)</p> |
| <p>3. Mr.Gabriel Karimi Muriithi</p>  | <p>Principal Accountant,</p> <p>He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK 9345). He Was born in July 11th 1972.He is also a certified secretary. He is currently pursuing a Bachelor of Commerce degree at KCA University. He has attended the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government (KSG).</p> |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | |
|--|---|
| | <p>He is also a certified professional mediator. He has a public service experience of over 25 years, most of it in senior managerial positions. He worked with the defunct Local Authorities as Chief Internal Auditor and Treasurer to various Local Authorities until 2013, when the County Government was established. Before joining Public Service, he had worked in the corporate sector as an Accountant and Audit Assistant in an Auditing firm.</p> |
| <p>4. Mr. John Ichamugo Mugo</p>  | <p>Accounts Officer II,</p> <p>He is an Accounts Officer II at the County Assembly of Kiambu, with over five years of accounting experience. He was born in 1989. He holds a Bachelor's degree in Finance and Banking from Moi University. He is a Certified Public Accountant (ICPAK No.24172)</p> |

5. Fund Chairperson's Report

On behalf of the loan management committee, I am pleased to present the County Assembly Staff Loan Scheme fund financial statements for the year ending June 30, 2024. The financial statements show the fund's economic performance over the past year.

The objective and purpose of the fund is to provide loans to Members of Staff to enable them to purchase, develop, renovate, and repair residential properties. The financial performance of the fund is highlighted below;

FINANCIAL PERFORMANCE

Revenues from non-Exchange Transactions

The County Assembly received no funds from the County Treasury in the Financial Year 2023/2024. As a result, it significantly hampered the disbursement of funds to staff members in the year under review.

There was an increase in interest income in the FY 2023/2024 to Kshs. **3,769,686** from Kshs. **3,697,111** compared to the FY 2022/2023.

The total expenses for the FY 2023/2024 were Kshs. **4,032,675** comprising of Kshs. **2,215** as bank charges and Fringe Tax of Kshs. **4,030,460**

Cashflows

The Cash and Cash Equivalents increased to ksh **5,534,563** in the year under review from kshs—**4,865,168** in June 2023 due to increased staff mortgage recoveries.

Summarily, the net changes in

1. Cash flow from net operating activities was kshs **3,502,122** comprising total receipts of kshs **3,786,307** and payments totaling kshs **7,288,429**.
2. Cash flow from investing activities was kshs **4,171,516**, comprising proceeds from loan principal repayments of kshs **6,671,516** less loan disbursements paid out of kshs **2,500,000**.
3. Cash flow from financing activities was **nil** in the FY 2023/24 because there was no proceed from the revolving fund receipts and no additional repayments of any borrowings.

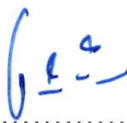
Proper and adequate financial systems measures have been implemented to ensure efficient control that warrants prompt recoveries through the check-off system to safeguard the utilization of public resources.

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

It is remarkable what the committee has accomplished regarding financial performance and our steadfast dedication to ensuring that all staff members benefit from the fund through continuous sensitization on the mortgage.

Thanks to the County Assembly Service Board, the Loans Management Committee, and the staff members for their continued support.

We look forward to a more favorable financial year 2024/2025.

Name James Michiro Signature  Date 14/11/2024

Chairperson of the Fund

6. Report of the Fund Administrator

The “County Assembly Staff Loan Scheme Fund” regulations 2018 comply with the provisions of the PFM Act. It’s funded from the County’s budget Estimates established under Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February 2014.

For the sound management of the fund as advised by the Salaries and Remuneration Commission, the County Assembly of Kiambu adopted the Public Finance Management Act “County Assembly Staff Loan Scheme” regulations 2018 to guide the operationalization of the fund.

The fund objective is to provide a mortgage to members of staff to purchase, develop, renovate, and repair a residential property subject to the provision of the Public Finance Management Act, 2018.

Since the fund was established, the loan management committee has approved mortgage loans to twenty-four beneficiaries. The interest payable on a loan granted is three percent per annum on a monthly reducing balance. The borrower pays the interest charged. The borrower fully repays a loan granted under these Regulations within twenty years or before the borrower’s retirement date, whichever comes earlier.

FINANCIAL PERFORMANCE

Revenues from non-Exchange Transactions

The Assembly received no Funds from the County Treasury in the year under review.

Mortgage Loans

During the year under review, the Loan Management Committee approved a mortgage loan of kshs **2,500,000** to one beneficiary. There was a decrease in loan disbursement in the year under review due constrained funding from County Treasury.

Cashflows

The cash and cash equivalents increased from kshs **4,865,168** on 1 July 2023 to ksh **5,534,563** on 30 June 2024 due to increased staff mortgage recoveries in the year under review.

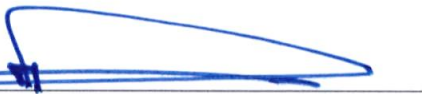
County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

The Loan Management Committee initiated a transformation that is bringing positive results to the County Assembly of Kiambu staff by providing the mortgage facilities.

The fund has continued to grow over the years, and the management has put measures in place to Safeguard loss of public resources by ensuring staff properties are jointly secured by the applicant and County Assembly of Kiambu and ensuring we comply with statutory requirements and timely remittances of the recoveries.

It has been another successful year. We continue to grow and have our staff at heart in everything we do.

Signed: _____



Mr John Mwivithi Mutie

Fund Administrator

7. Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

Section 167 (1) 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, following the standards and formats prescribed by the Public Sector Accounting Standards Board includes a view of the County Government entity’s performance against predetermined objectives.

The key mandate of the County Assembly of Kiambu is legislation, oversight, and representation.

The County Assembly Staff Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management Act “County Assembly Staff Loan Scheme Fund” regulations, 2018.

The key objective of the County Assembly Staff Loan Scheme fund for 2023/2024 is to provide a mortgage to the staff of the County Assembly to purchase, develop, renovate, and or repair residential property.

The Assembly did not secure the funds from the County Treasury in the year under review.

The fund experienced some challenges, including:

1. Lack of budgetary allocations for loans to staff members.
2. The number of mortgage applicants has significantly increased.

However, the Assembly can mitigate these challenges by increasing budgetary allocations for the loan fund as well as the timely release of the exchequer.

Below, we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|--|---|--|---|---|
| Provision of mortgage facilities members of staff. | To ensure staff members have access to mortgage facilities. | The fund has successfully issued mortgage loan to twenty four staff members since its inception. | This represent 25% of the members of the staff who have benefited with mortgage loan. | During 2023/24, one staff member accessed the mortgage facility to construct a house. |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

The Staff Mortgage Loan Scheme Fund was established according to Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February two thousand and fourteen.

There is an established staff Mortgage Loan Management Committee.

A statement of the County Assembly of Kiambu's full corporate governance practices is set out below;

ROLE AND RESPONSIBILITIES OF THE STAFF LOAN MANAGEMENT COMMITTEE

The staff loan management operates following the broad principles set out in section 116 of the Public Finance Management Act and is responsible for:

- (a) Receiving and analysing reports from the officer administering the Fund;
- (b) Endorsing loan application forms;
- (c) Advising on any additional funds that may be required for the Fund;
- (d) Liaising with the mortgage company (if any) to set up a revolving fund for the disbursement of the loans; and
- (e) Performing any other function necessary to administer the loan.

APPOINTMENT OF STAFF LOAN MANAGEMENT COMMITTEE

Notwithstanding Regulation 9(1), the County Executive Committee Member may, in consultation with the fund administrator, appoint a committee to manage the Fund.

A Committee appointed under Sub-regulation (1) shall be deemed to have taken the role of the Kiambu County Assembly Loans Management and Advisory Committee.

The Committee appointed under Sub- regulation (1) conducts its affairs as provided under the Regulations.

The members appointed to the loan management committee include;

| Ref | Name | Position |
|------------|-------------------------|-------------------------------------|
| 1. | Mr. John Mwivithi Mutie | Fund Administrator |
| 2. | Mr. James Methu Michire | Chairman, Loan Management Committee |
| 3. | Mr. David Kirigi Ngure | Member, Loan Management Committee |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

| | | |
|----|----------------------------------|--------------------------------------|
| 4. | Ms. Sarah Felicity Nkatha kiruki | Member, Loan Management Committee |
| 5. | Mr. James Githu Muiruri | Member, Loan Management Committee |
| 6. | Mr. Godfrey Muriuki | Member, Loan Management Committee |
| 7. | Ms. Hannah Gituiria | Secretary, Loan Management Committee |

The administrator of the Fund may designate and appoint such staff as necessary to assist him in administering the Fund.

DELEGATION TO FUND ACCOUNTANT

The Fund Administrator delegates responsibility for the day-to-day management and administration of the Fund to the Fund Accountant. The Fund accountant is responsible for ensuring the Fund administrator is provided with appropriate, accurate, and precise information on a timely basis.

PERFORMANCE EVALUATION

The performance of the Staff mortgage is reviewed monthly, quarterly, and annually.

FUND ADMINISTRATOR.

The Fund administrator is the accounting officer and is responsible for:

- (a) Supervising and controlling the administration of the Fund;
- (b) Keeping all legal documents relating to the Fund;
- (c) Keeping books of account and other books and records concerning the Fund;
- (d) Preparing, signing, and transmitting to the auditor general in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as may be required following the Public Finance Management Act;
- (e) Furnishing such additional information as may be required for examination and audit by the auditor general;
- (f) Designating and appointing such staff as may be necessary to assist them in the administration of the Fund;

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

- (g) Carrying out such inspections as may be necessary to verify any information submitted by the loan applicant;
- (h) Preparing and submitting quarterly reports on the Fund to the Committee.

STAFF LOAN MANAGEMENT COMMITTEE

The committee held three meetings during the financial year 2023/2024 to endorse loan application form, receive and analyze emerging needs for staff loans.

STATEMENT OF COMPLIANCE

The Fund Administrator confirms that the fund has, throughout FY 2023/2024, complied with all statutory and regulatory requirements and that the fund has been managed following the principles of good corporate governance.

INTERNAL CONTROL FRAMEWORK

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment.

MANAGEMENT TEAM

The team meets regularly to review these action plans to ensure that the fund's objectives are achieved effectively and efficiently.

AUDITOR

The Auditor-General audits the Annual reports and Financial Statements and issues Auditor's reports that include opinion in accordance with the provisions of section 48 of the Public Audit Acts, 2015.

9. Management Discussion and Analysis

FINANCIAL PERFORMANCE

The fund has continued to grow over the years, and the management has put measures in place to safeguard the loss of public resources by ensuring staff properties are jointly secured by the applicant and County Assembly of Kiambu while ensuring we comply with statutory requirements and day-to-day running of the fund and timely remittances of the recoveries.

The Loan Management Committee approved and disbursed kshs **2,500,000** in the financial year 2023/2024 while complying with the prerequisite's procedures, laid down laws and regulations. The financial performance of the fund is explained below;

FINANCIAL PERFORMANCE

Revenues from non-Exchange Transactions

The County Assembly received no funds from the County Treasury, significantly hampering the disbursement of funds to staff members.

There was an increase in interest income in FY 2023/2024 to kshs **3,769,686** from kshs **3,697,111** compared to FY 2022/2023.

The total expenses for FY 2023/2024 was kshs **4,032,675**, comprising kshs **2,215** as bank charges and Fringe Tax of kshs **4,030,460**.

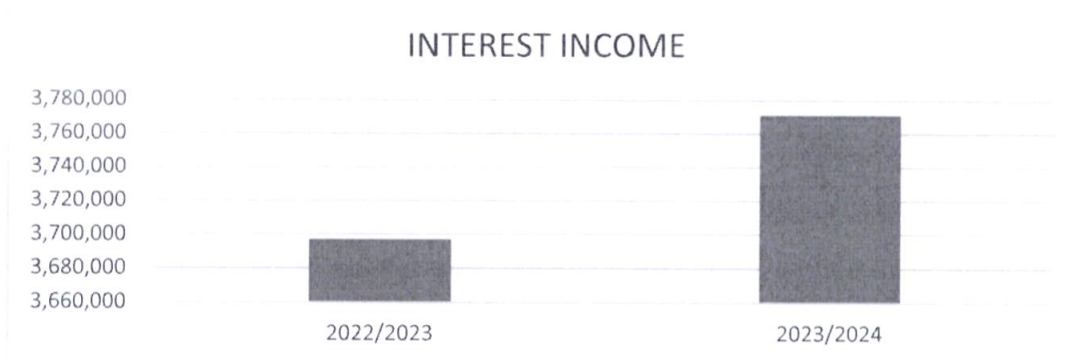
Comparative analysis of revenue

A comparative analysis of revenue (Interest income) in the last two years is shown in the graph below.

- FY 2022/23 revenue was Ksh. **3,697,111**
- FY 2023/24 revenue was Ksh. **3,771,094**

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

Comparative analysis of revenue (Interest Income)



The trend in revenue over the past two years indicates that there has been a slight increase, caused by staff recoveries recovered through check-off.

FY 2022/23: The total revenue for this financial year was Ksh **3,697,111**.

FY 2023/24: The total revenue for this financial year increased to Ksh **3,769,686**, an increase of approximately 1.96% from the previous year.

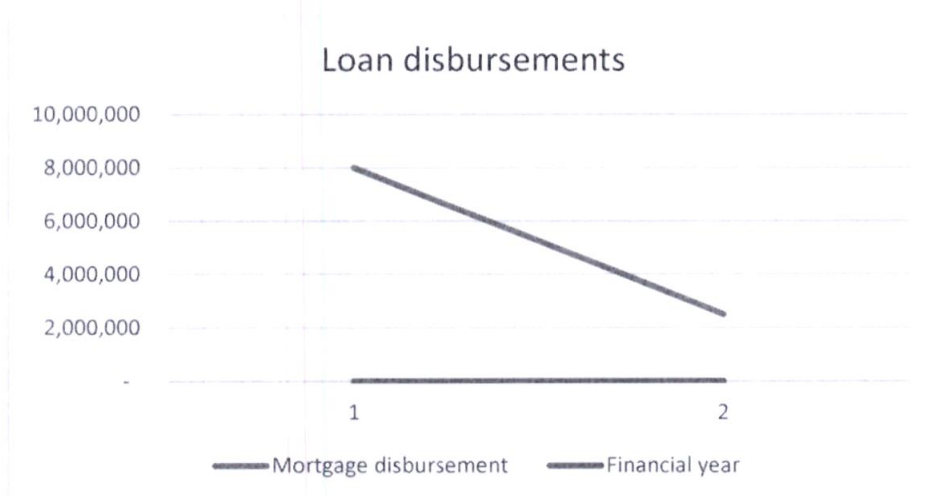
In summary, the trend in revenue in the last two years reflects the reducing balance method of interest calculation, with interest generated decreasing as the outstanding loan balances are reduced through repayments. This trend is consistent with the Assembly's policy of ensuring that loans are fully repaid within their term.

Comparative Analysis on Loan Disbursement

The graph below indicates a comparative analysis of Loan disbursement in the last two (2) years. Over the years, there was a significant reduction in the amounts of loans disbursed due to a lack of funds from the County Treasury.

- FY 2022/23 Loan disbursement was Ksh. **8,000,000**
- FY 2023/24 Loan disbursement was Ksh. **2,500,000**

Comparative Analysis on Loan Disbursement



Financial Year 2023/2024: In this financial year, the loan disbursement reached its lowest at Ksh **2,500,000**, a reduction of about 69% from the previous year.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been offering mortgages to the County Assembly of Kiambu staff. The County Government has supported the fund and added to the fund's better performance. The fund continues to encounter various challenges in its cash flow management.

The fund experienced additional challenges, including:

1. Lack of budgetary allocations for a housing loan to public servants, considering the number of mortgage applicants has significantly increased.

The staff mortgage recoveries for the fund in the FY 2023/2024 totaled kshs **10,457,824**, comprising of interest received and proceed from loan principal repayments of kshs **3,786,307** and kshs **6,671,516** respectively.

CONCLUSION

The fund has positively impacted the livelihood of County Assembly of Kiambu staff. The hope is that the Assembly will allocate more funds for staff mortgages in the next financial year to ensure more will benefit from the mortgage disbursements.

10. Environmental and Sustainability Reporting

The County Assembly of Kiambu establishment is anchored on the Constitution of Kenya, 2010, and it's mandated to offer representation of citizens, law-making, and oversight. The Assembly's strategic elements included the following:

The Vision

To be a vibrant, value-oriented, quality-driven, and people-responsive County Assembly in Kenya.

Mission

To be a transformative, efficient, and trusted Assembly for Kiambu residents in close consultation with relevant county, national, and international stakeholders.

Core values

We are committed to growing a dynamic institutional culture that these values will guide;

1. **Responsiveness:** We work to find solutions through policy and legislative initiatives that address the needs and preferences of the people of Kiambu County.
2. **Respect:** We listen and respect the wishes of our people and encourage partnerships where mutual respect remains a core working value.
3. **Diversity:** We embrace the diversity of all Kenyans and work to address variety across gender, ethnicity, class, race, disability, and minority lines.
4. **Integrity and Accountability:** We believe that the highest standards of ethics and integrity form a core element of public service and leadership, and we strive to ensure utmost accountability in all our initiatives.

Our beliefs

We believe that;

1. The Constitution of Kenya, 2010 is the supreme law of the land;
2. All Kenyans have equal rights;
3. Every Kenyan is a valuable member of the community;
4. Every Kenyan deserves to be fully served and consulted by their directly elected representative or party representative in the County Assembly and
5. Women and men deserve equal opportunities to participate in leadership and access to economic, social, and cultural rights.

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

County Assembly Staff Mortgage Loan Scheme fund exists to transform lives. This is our purpose, the driving force behind everything we do. It guides us to deliver our strategy, founded on solid pillars: putting the customer/Citizen first, providing relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar;

1. Sustainability strategy and profile

The Assembly is committed to attaining the Sustainable Development Goals (SDGs) as agreed upon by the international community.

2. Environmental performance

The County Assembly, through the formation of an Environmental Committee, is establishing environmental and waste management policies. However, the administration has implemented strategies and modalities to ensure minimal environmental impact on the organization's products.

3. Employee welfare

The Assembly hiring process is guided by the County Assembly Human Resource Manual, amongst other government provisions, to ensure fair competition and gender representation. A performance management and appraisal tool is currently in the process of implementation.

The Assembly is also committed to improving skills through a training committee tasked with ensuring officers' capacity building in different areas to enhance skills and performance.

4. Marketplace practices-

Responsible Competition Practice:

The Assembly conducts fair competition in all its engagements through adherence to legal provisions, constant meetings with the Anticorruption authorities, review of certifications to attain high-quality products and services, competitive and controlled costs, innovative and easy market entry, as exit.

5. Community Engagements-

The County Assembly, in collaboration with the County Executive, has severally engaged the public through public participation and Corporate Social Activities, including issuing various charitable products to the public, such as food products, agricultural products, and educational materials.

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of the Loan Management Committee

The Fund Administration Committee submits its report together with the Audited Financial statements for the year ended June 30, 2024, which show the state of the Fund affairs.

Principal activities

The Fund's objective is to provide a mortgage to the staff of the County Assembly to purchase, develop, renovate, and repair residential property.

Results

The results of the Fund for the year ended June 30, 2024, are set out on pages 1 to 6.

Loan management committee

The members of the Loan Management Committee who served during the year are shown on page ix and xiii.

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 to carry out the audit of the County Assembly Staff Loan Scheme fund for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

James Michiru 

Chair of the Loan Management Committee

Date: 14/11/2024

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 (County Assembly Staff Mortgage Loan Scheme, 2018) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

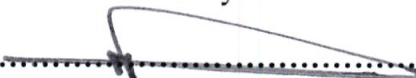
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (County Assembly Staff Loan Scheme Fund, 2018). 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, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

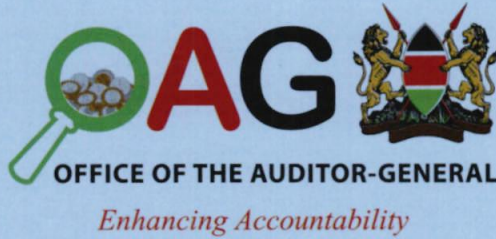
Approval of the financial statements

The Fund's financial statements were approved by the Board on 14/11/ 2024 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: 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 KIAMBU COUNTY ASSEMBLY STAFF MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Kiambu County Assembly Staff Mortgage Scheme Fund set out on pages 1 to 41, which comprise the statement of

financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Assembly Staff Mortgage Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial position reflects a balance of Kshs.407,863 relating to current portion receivables from exchange transactions as disclosed in Note 13 to the financial statements. Included in this amount is Kshs.115,594 relating to interest receivable from a member of staff as disclosed in the schedule provided for audit. However, review of the amortization schedule revealed an amount of Kshs.12,257 as receivable from the member of staff leading to an overstatement of the interest receivable in the financial statements by an amount of Kshs.103,337.

Further, the schedule provided in support of the long-term receivables from exchange transactions balance of Kshs.132,731,039 reported in the statement of financial position and Note 13 to the financial statements revealed an amount of Kshs.5,672,956 receivable from a member of staff whereas the loan amortization schedule reflected an amount of Kshs.4,902,916 resulting to an unexplained variance of Kshs.770,040.

In the circumstances, the accuracy of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu County Assembly Staff 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. Except for the matter described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on pages iv to xxx which comprise of Key Entity Information and Management, The Loan Management Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Loan Management Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu County Assembly Staff Mortgage Scheme Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Staff Issued with More than One Loan

The statement of financial position reflects a balance of Kshs.132,731,039 relating to long term receivables from exchange transactions as disclosed in Note 13 to the financial statements. Review of sampled mortgage loans issued to staff revealed that two (2) staff members with outstanding loans of Kshs.5,919,397 and Kshs.1,523,417 were issued with top-up loans of Kshs.5,000,000 and Kshs.1,591,912 respectively when the previous loans had not been cleared. This was contrary to Regulation 17(4) of the Kiambu County Assembly (Staff Mortgage Scheme Fund) Regulations, 2018 which requires that a borrower granted a loan will not be eligible for a second loan until full payment of the first loan provided that no borrower shall be eligible for more than two loans.

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

2. Loans not Deducted by the Check Off System

The statement of financial position reflects a balance of Kshs.132,731,039 relating to long term receivables from exchange transactions. It was however noted that an officer was advanced a mortgage of Kshs.12,008,973 on 25 June, 2020. Audit review of loan schedules provided for audit revealed that the officer was not deducted monthly deductions from the Integrated Payroll in the year under review amounting to Kshs.798,588. This therefore exposes the Fund to the risk of losses from defaulting members and was contrary to Regulation 12(4) of the Public Finance Management (Kiambu County Assembly Staff Mortgage Scheme Fund) Regulations, 2018, which requires that a loan granted shall be based on borrower's ability to repay, shall not exceed the maximum loan threshold set out in the schedule and shall be repaid by check off system.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. Statement of Financial Performance for the Year Ended 30th June 2024

| Description | Note | 2023/2024 | 2022/2023 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 1 | 0 | 0 |
| Transfers From the County Government | 2 | 0 | 0 |
| Fines, Penalties and Other Levies | 3 | 0 | 0 |
| | | 0 | 0 |
| Revenue From Exchange Transactions | | | |
| Interest Income | 4 | 3,769,686 | 3,697,111 |
| Other Income | 5 | 0 | 0 |
| | | 3,769,686 | 3,697,111 |
| Total Revenue | | 3,769,686 | 3,697,111 |
| | | | |
| Expenses | | | |
| Employee Costs | 6 | 0 | 0 |
| Use of goods and services | 7 | (4,032,675) | (6,208,776) |
| Depreciation and Amortization Expenses | 8 | 0 | 0 |
| Finance Costs | 9 | 0 | 0 |
| Total Expenses | | (4,032,675) | (6,208,776) |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 10 | 0 | 0 |
| Gain /Loss on fair value of investments | 11 | 0 | 0 |
| Surplus/(Deficit) for the Period | | (262,989) | (2,511,665) |

(The notes set out on pages 18 to 38 form an integral part of these Financial Statements)

.....
Name: John Mwivithi Mutie
Administrator of the Fund

.....
Name: Sarah Nkatha Kiruki
Fund Accountant
ICPAK Member Number:6244

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position as at 30 June 2024

| Description | Note | 2023/2024 | 2022/2023 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 12 | 5,534,563 | 4,865,168 |
| Current Portion of Receivables From Exchange Transactions | 13 | 407,863 | 424,483 |
| Prepayments | 14 | 0 | 0 |
| Inventories | 15 | 0 | 0 |
| Investments in financial assets | 16 | 0 | 0 |
| Total current assets | | 5,942,425 | 5,289,651 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 17 | 0 | 0 |
| Intangible Assets | 18 | 0 | 0 |
| Long Term Receivables from Exchange Transactions | 13 | 132,731,039 | 136,902,555 |
| Investment Property | 19 | 0 | 0 |
| Total non- current assets | | 132,731,039 | 136,902,555 |
| Total Assets (A) | | 138,673,463 | 142,192,206 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 20 | 2,951,357 | 6,207,111 |
| Current Provisions | 21 | 0 | 0 |
| Current Portion of Borrowings | 22 | 0 | 0 |
| Employee Benefit Obligations | 23 | 0 | 0 |
| Social benefit liabilities | 24 | 0 | 0 |
| Total current liabilities | | 2,951,357 | 6,207,111 |
| Non-Current Liabilities | | | |
| Non-Current provisions | 21 | 0 | 0 |
| Long Term Portion of Borrowings | 22 | 0 | 0 |
| Non-Current Employee Benefit Obligation | 23 | 0 | 0 |
| Social benefit liabilities | 24 | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

| Description | Note | 2023/2024 | 2022/2023 |
|------------------------------|------|--------------------|--------------------|
| | | Kshs | Kshs |
| | | | |
| Total Liabilities (B) | | 2,951,357 | 6,207,111 |
| | | | |
| Net Assets (A-B) | | 135,722,106 | 135,985,095 |
| | | | |
| Represented By: | | | |
| Revolving Fund | | 119,275,802 | 119,275,802 |
| Reserves | | 0 | 0 |
| Accumulated Surplus | | 16,446,304 | 16,709,293 |
| Net Assets | | 135,722,106 | 135,985,095 |

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 14/11/2024 and signed by:



.....
Name: John Mwivithi Mutie
Administrator of the Fund



.....
Name: Sarah Nkatha Kiruki
Fund Accountant
ICPAK Member Number:6244

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

16. Statement of Changes in Net Assets for the year ended 30th June 2024

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-------------------------------------|--------------------|---------------------|---------------------|--------------------|
| | | Kshs | Kshs | Kshs |
| Balance As At 1 July (2022) | 119,275,802 | 0 | 19,220,958 | 138,496,760 |
| Surplus/(Deficit) For the Period | 0 | 0 | (2,511,665) | (2,511,665) |
| Funds Received During the Year | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Revaluation Gain | 0 | 0 | 0 | 0 |
| Balance As At 30 June (2023) | 119,275,802 | 0 | 16,709,293 | 135,985,095 |
| | | | | |
| Balance As At 1 July (2023) | 119,275,802 | 0 | 16,709,293 | 135,985,095 |
| Surplus/(Deficit) For the Period | 0 | 0 | (262,989) | (262,989) |
| Funds Received During the Year | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Revaluation Gain | 0 | 0 | 0 | 0 |
| Balance As At 30 June (2024) | 119,275,802 | 0 | 16,446,304 | 135,722,106 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

| Description | Note | 2023/2024 | 2022/2023 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | 0 | 0 |
| Transfers from the county government | | 0 | 0 |
| Interest received | | 3,786,307 | 3,677,386 |
| Receipts from other operating activities | | 0 | 0 |
| Total receipts | | 3,786,307 | 3,677,386 |
| Payments | | | |
| Fund administration expenses | | 0 | 0 |
| General expenses (Bank charges) | | (2,215) | (1,665) |
| Finance cost | | 0 | 0 |
| Fringe Benefit Tax | | (7,286,214) | (1,665) |
| Total payments | | (7,288,429) | 0 |
| Net cash flows from operating activities | 25 | (3,502,122) | 3,675,721 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | 0 | 0 |
| Proceeds from sale of property, plant & equipment | | 0 | 0 |
| Proceeds from loan principal repayments | | 6,671,516 | 6,109,913 |
| Loan disbursements paid out | | (2,500,000) | (8,000,000) |
| Net cash flows used in investing activities | | 4,171,516 | (1,890,087) |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 0 | 0 |
| Additional borrowings | | 0 | 0 |
| Repayment of borrowings | | 0 | 0 |
| Net cash flows used in financing activities | | 0 | 0 |
| Net increase/(decrease) in cash & cash Equivalents | | 669,395 | 1,785,634 |
| Cash and cash equivalents at 1 July | | 4,865,168 | 3,079,534 |
| Cash and cash equivalents at 30 June | | 5,534,563 | 4,865,168 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

| 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 |
| Revenue | | | | | | |
| Public Contributions and Donations | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers From County Govt. | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 3,769,686 | 0 | 3,769,686 | 3,769,686 | 0 | 100% |
| Other Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Income | 3,769,686 | 0 | 3,769,686 | 3,769,686 | 0 | 100% |
| Expenses | | | | | | |
| Fund Administration Expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| General Expenses (Bank Charges, Fringe Benefit tax) | (4,032,675) | | (4,032,675) | (4,032,675) | 0 | 100% |
| Finance Cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditure | (4,032,675) | 0 | (4,032,675) | (4,032,675) | 0 | 100% |
| Surplus For the Period | (262,989) | 0 | (262,989) | (262,989) | 0 | 100% |
| | | | | | | |
| Capital expenditure | 0 | 0 | 0 | 0 | 0 | 0 |

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

County Assembly staff loan scheme Funds entity is established by and derives its authority and accountability from County Assembly staff loan scheme Funds Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity’s principal activity is disburse Mortgage funds to the Assembly Staff.

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.

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 2024

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i> 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 44: Non- Current Assets Held for Sale and | <p><i>Applicable 1st January 2025</i> The Standard requires,</p> |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

| | |
|--|--|
| Discontinued Operations | <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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 45- Property Plant and Equipment | <p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 46 Measurement | <p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 47- Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 48- Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

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| | |
|--|---|
| IPSAS 49- Retirement Benefit Plans | <i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i> |
|--|---|

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

County Assembly Staff Loan Scheme fund
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1. Summary of 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 2024 was approved by the County Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2024 budget following the governing body's approval.

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.

Summary of Significant Accounting Policies (Continued)

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.

a) Intangible Assets

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

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

b) 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 -year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of 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.

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Summary of Significant Accounting Policies (Continued)

c) 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. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

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.

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 .

County Assembly Staff Loan Scheme fund
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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) 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.

f) 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.

Summary of Significant Accounting Policies (Continued)

g) 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.

h) Nature and purpose of reserves

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

i) 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.

j) 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.

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Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

- 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. Additional disclosure of these estimates of provisions is included in Note.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

**County Assembly Staff Loan Scheme fund
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6. Notes To The Financial Statements Continued

1. Public contributions and donations

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | 0 | 0 |
| Contributions From The Public | 0 | 0 |
| Total | 0 | 0 |

2. Transfers from County Government

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | 0 | 0 |
| Payments By County On Behalf Of The Entity | 0 | 0 |
| Unconditional Development grants | 0 | 0 |
| Total | 0 | 0 |

3. Fines, penalties and other levies

| Description | 2023/2024 | 2022/2023 |
|------------------------|-----------|-----------|
| | Kshs | Kshs |
| Late Payment Penalties | 0 | 0 |
| Fines | 0 | 0 |
| Total | 0 | 0 |

4. Interest income

| Description | 2023/2024 | 2022/2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Interest Income from Mortgage Loans | 3,769,686 | 3,697,111 |
| Interest Income From Car Loans | 0 | 0 |
| Interest Income From Investments in financial assets | 0 | 0 |
| Interest Income On Bank Deposits | 0 | 0 |
| Total Interest Income | 3,769,686 | 3,697,111 |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

5. Other income

| Description | 2023/2024 | 2022/2023 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Insurance Recoveries | 0 | 0 |
| Income from Sale of Tender Documents | 0 | 0 |
| Bad debts recovered | 0 | 0 |
| Miscellaneous Income | 0 | 0 |
| Total Other Income | 0 | 0 |

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

| Description | 2023/2024 | 2022/2023 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Salaries And Wages | 0 | 0 |
| Staff Gratuity | 0 | 0 |
| Staff Training Expenses | 0 | 0 |
| Social Security Contribution | 0 | 0 |
| Other <i>(Specify)</i> | 0 | 0 |
| Total | 0 | 0 |

7. Use of Goods and Services

| Description | 2023/2024 | 2022/2023 |
|--------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| General Office Expenses | 0 | 0 |
| Loan Processing Costs | 0 | 0 |
| Professional Services Costs | 0 | 0 |
| Administration Fees | 0 | 0 |
| Committee Allowances | 0 | 0 |
| Bank Charges | 2,215 | 1,665 |
| Electricity And Water Expenses | 0 | 0 |
| Fuel And Oil Costs | 0 | 0 |
| Insurance Costs | 0 | 0 |

**County Assembly Staff Loan Scheme fund
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| Description | 2023/2024 | 2022/2023 |
|--------------------------------------|------------------|------------------|
| | Kshs. | Kshs. |
| Postage And Courier | 0 | 0 |
| Printing And Stationery | 0 | 0 |
| Rental Costs | 0 | 0 |
| Security Costs | 0 | 0 |
| Telephone And Communication Expenses | 0 | 0 |
| Bank Charges | 0 | 0 |
| Audit Fees | 0 | 0 |
| Provision For Doubtful Debts | 0 | 0 |
| Other - Fringe Benefit Tax | 4,030,460 | 6,207,111 |
| Social benefit expenses* | 0 | 0 |
| Total | 4,032,675 | 6,208,776 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

| Description | 2023/2024 | 2022/2023 |
|------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Total | 0 | 0 |

9. Finance costs

| Description | 2023/2024 | 2022/2023 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | 0 | 0 |
| Interest On Loans From Banks | 0 | 0 |
| Total | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

| Description | 2023/2024 | 2022/2023 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant and Equipment | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Total | 0 | 0 |

11. Gain/ (loss) on Fair Value Investments

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Investments at Fair Value- Equity investments | 0 | 0 |
| Fair value – Investment property | 0 | 0 |
| Fair value- other financial assets (specify) | 0 | 0 |
| Total Gain | 0 | 0 |

12. Cash and cash equivalents

| Description | 2023/2024 | 2022/2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Car Loan Account | 0 | 0 |
| Kiambu County Assembly Mortgage Scheme, Kenya Commercial Bank A/c no.1183112904, Kiambu Branch | 5,534,563 | 4,865,168 |
| Fixed Deposits Account | 0 | 0 |
| On – Call Deposits | 0 | 0 |
| Current Account | 0 | 0 |
| Others (<i>Specify</i>) | 0 | 0 |
| Total Cash And Cash Equivalents | 5,534,563 | 4,865,168 |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

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

| Financial Institution | Account number | 2023/2024 | 2022/2023 |
|--|-------------------|------------------|------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | 0 | 0 |
| Equity Bank, Etc. | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | 0 | 0 |
| Equity Bank - Etc. | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| c) Current Account | | | |
| Kenya Commercial Bank Kiambu County Assembly Mortgage Scheme, Kiambu Branch. | 1183112904 | 5,534,563 | 4,865,168 |
| Bank B | | 0 | 0 |
| Sub- Total | | 5,534,563 | 4,865,168 |
| d) Others(Specify) | | | |
| Cash In Transit | | 0 | 0 |
| Cash In Hand | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| Grand Total | | 5,534,563 | 4,865,168 |

13. Receivables from exchange transactions

| Description | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | 407,862 | 424,483 |
| Current Loan Repayments Due | 0 | 0 |
| Other Exchange Debtors | 0 | 0 |
| Less: Impairment Allowance | 0 | 0 |
| Total Current Receivables | 407,862 | 424,483 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 132,731,039 | 136,902,555 |
| Total Non- Current Receivables | 132,731,039 | 136,902,555 |
| Total Receivables From Exchange Transactions | 133,138,901 | 137,327,038 |

County Assembly Staff Loan Scheme fund
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

| Description | 2023/2024 | 2022/2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | 424,483 | 404,758 |
| Accrued interest receivable from of long-term loans of previous years | 404,758 | 584,195 |
| Interest receivable from current portion of long-term loans issued in the current year | 407,862 | 424,483 |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | 6,671,516 | 6,467,037 |
| Accrued principal from long-terms loans from previous periods | 136,902,554 | 128,545,431 |
| Current portion of long-term loans issued in the current year | 132,731,039 | 136,902,554 |

13.(a) Interest receivables analysis

| Description | 2023/2024 | 2022/2023 |
|--------------------------|----------------|----------------|
| | Kshs | Kshs |
| Balance brought forward | 424,483 | 404,758 |
| Interest Income earned | 3,769,686 | 3,697,111 |
| Interest Income received | (3,786,307) | (3,677,386) |
| Total | 407,862 | 424,483 |

13. (b) Long term loan repayment due 2023/2024 analysis

| Description | 2023/2024 |
|--|--------------------|
| | Kshs |
| Long term loan repayment due -30 June 2023 | 136,902,555 |
| Total Assets | 136,902,555 |
| Loan disbursements paid out | 2,500,000 |
| Proceeds from loan principal repayments | (6,671,516) |
| Long term loan repayment due 30 June 2024 | 132,731,039 |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. Prepayments

| Description | 2023/2024 | 2022/2023 |
|---------------------------|-----------|-----------|
| | Kshs | Kshs |
| Prepaid Rent | 0 | 0 |
| Prepaid Insurance | 0 | 0 |
| Prepaid Electricity Costs | 0 | 0 |
| Other Prepayments | 0 | 0 |
| Total | 0 | 0 |

14.(a) Prepayments analysis

| Description | 2023/2024 |
|--------------------|-----------|
| | Kshs |
| Fringe tax | 0 |
| Trade payable | 0 |
| Other- Prepayments | 0 |

15. Inventories

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Consumable Stores | 0 | 0 |
| Spare Parts And Meters | 0 | 0 |
| Catering | 0 | 0 |
| Other Inventories (Specify) | 0 | 0 |
| Total Inventories at The Lower of Cost and Net Realizable Value | 0 | 0 |

Notes to the Financial Statements Continued

16. Investments in financial assets

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | 0 | 0 |
| CBK | 0 | 0 |
| Sub- total | 0 | 0 |
| b. Investment with Financial Institutions/ Banks | | |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| | | |
|--|----------|----------|
| Bank x | 0 | 0 |
| Bank y | 0 | 0 |
| Sub- total | 0 | 0 |
| c. Equity investments (specify) | | |
| Equity/ shares | 0 | 0 |
| Sub- total | 0 | 0 |
| Grand total | 0 | 0 |

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

| Impairment allowance/ provision | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| At the beginning of the year | 0 | 0 |
| Purchase of investments in the year | 0 | 0 |
| Sale of investments during the year | 0 | 0 |
| Gain/(loss) in fair value of investments through surplus or deficit | 0 | 0 |
| At the end of the year | 0 | 0 |

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

| Name of Entity where investment is held | No of shares | | | Nominal value of shares | Fair value of shares | Fair value of shares |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|----------------------|
| | Direct shareholding | Indirect shareholding | Effective shareholding | | | |
| | % | % | % | Kshs | Current year | Prior year |
| Entity A | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity B | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity C | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|---------------------------------------|--------------------|----------------|------------------------|--------------------------------|----------|
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1st July (2023) | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Transfers/Adjustments | 0 | 0 | 0 | 0 | 0 |
| At 30th June (2023) | 0 | 0 | 0 | 0 | 0 |
| At 1st July (2024) | | | | | |
| Additions | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Transfer/Adjustments | 0 | 0 | 0 | 0 | 0 |
| At 30th June (2024) | 0 | 0 | 0 | 0 | 0 |
| Depreciation And Impairment | | | | | |
| At 1 st July (2023) | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 |
| At 30th June (2023) | 0 | 0 | 0 | 0 | 0 |
| At 1st July (2024) | | | | | |
| Depreciation | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 |
| Transfer/Adjustment | 0 | 0 | 0 | 0 | 0 |
| At 30th June (2024) | 0 | 0 | 0 | 0 | 0 |
| Net Book Values | | | | | |
| At 30th June (2023) | 0 | 0 | 0 | 0 | 0 |
| At 30th June (2024) | 0 | 0 | 0 | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

18. Intangible assets

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning of The Year | 0 | 0 |
| Additions | 0 | 0 |
| At End of The Year | 0 | 0 |
| Amortization And Impairment | | |
| At Beginning of The Year | 0 | 0 |
| Amortization | 0 | 0 |
| At End of The Year | 0 | 0 |
| Impairment Loss | 0 | 0 |
| At End of The Year | 0 | 0 |
| NBV | 0 | 0 |

19. Investment Property

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| At beginning of the year | 0 | 0 |
| Additions | 0 | 0 |
| Disposal during the year | 0 | 0 |
| Depreciation | 0 | 0 |
| Impairment | 0 | 0 |
| Gain/(loss) in fair value (if fair value is elected) | 0 | 0 |
| At end of the year | 0 | 0 |

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)**

20. Trade and other payables from exchange transactions

| Description | 2023/2024 | | 2022/2023 | |
|---|------------------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade Payables | 0 | | 0 | |
| Refundable Deposits | 0 | | 0 | |
| Accrued Expenses | 0 | | 0 | |
| Other Payables-Fringe Benefit Tax | 2,951,357 | | 6,207,111 | |
| Total Trade and Other Payables | 2,951,357 | | 6,207,111 | |
| Ageing analysis (Trade and other payables) | 2023/2024 | % of the Total | 2022/2023 | % of the Total |
| Under one year | 2,951,357 | 100% | 6,207,111 | 100% |
| 1-2 years | 0 | % | 0 | % |
| 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total (tie to above total) | 2,951,357 | | 6,207,111 | |

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|---|-----------------|--------------------|-----------------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance b/f | 0 | 0 | 0 | 0 |
| Additional provisions | 0 | 0 | 0 | 0 |
| Provision utilised | 0 | 0 | 0 | 0 |
| Change due to discount and time value for money | 0 | 0 | 0 | 0 |
| Total provisions year end | 0 | 0 | 0 | 0 |
| Current Provisions | 0 | 0 | 0 | 0 |
| Non-Current Provisions | 0 | 0 | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | 0 | 0 |
| External Borrowings During the Year | 0 | 0 |
| Domestic Borrowings During the Year | 0 | 0 |
| Repayments of External Borrowings During the Period | 0 | 0 |
| Repayments of Domestic Borrowings During the Period | 0 | 0 |
| Balance At End of The Period | 0 | 0 |

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

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organization' | 0 | 0 |
| Sterling Pound Denominated Loan From 'Y Organization' | 0 | 0 |
| Euro Denominated Loan from Z Organization' | 0 | 0 |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | 0 | 0 |
| Kenya Shilling Loan from Barclays Bank | 0 | 0 |
| Kenya Shilling Loan from Consolidated Bank | 0 | 0 |
| Borrowings From Other Government Institutions | 0 | 0 |
| Total Balance at End of The Year | 0 | 0 |

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

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | 0 | 0 |
| Long Term Borrowings | 0 | 0 |
| Total | 0 | 0 |

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

23. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | 2023/2024 | 2022/2023 |
|--------------------------------|----------------------|----------------------------------|------------------|-------------|-------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Non-Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

24. Social Benefit Liabilities

| Description | 2023/2024 | 2022/2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Health social benefit scheme | 0 | 0 |
| Unemployment social benefit scheme | 0 | 0 |
| Orphaned and vulnerable benefit scheme | 0 | 0 |
| Elderly social benefit scheme | 0 | 0 |
| Bursary social benefits | 0 | 0 |
| Total | 0 | 0 |
| Current social benefits | 0 | 0 |
| Non- current social benefits | 0 | 0 |
| Total (tie to totals above) | 0 | 0 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

| Description | 2023/2024 | 2022/2023 |
|---|--------------------|------------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | (262,989) | (2,511,665) |
| Adjusted For: | | |
| Depreciation | 0 | 0 |
| Amortization | 0 | 0 |
| Gains/ Losses On Disposal Of Assets | 0 | 0 |
| Interest Income | 0 | 0 |
| Finance Cost | 0 | 0 |
| Working Capital Adjustments | | |
| Increase In Inventory | 0 | 0 |
| Increase In Receivables | 16,621 | (19,725) |
| Increase In Payables | (3,255,754) | 6,207,111 |
| Net Cash Flow From Operating Activities | (3,502,122) | 3,675,721 |

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

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024

Notes To The Financial Statements (Continued)

26. 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) Loan Management Committee; etc.

b) Related party transactions

| Description | 2023/2024 | 2022/2023 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Transfers From Related Parties' | 0 | 0 |
| Transfers To Related Parties | 0 | 0 |

c) Key management remuneration

| Description | 2023/2024 | 2022/2023 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| The loan Management Committee | 0 | 0 |
| Key Management Compensation | 0 | 0 |
| Total | 0 | 0 |

d) Due from related parties

| Description | 2023/2024 | 2022/2023 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | 0 | 0 |
| Due From County Government | 0 | 0 |
| Total | 0 | 0 |

Other Disclosures Continued

e) Due to related parties

| Description | 2023/2024 | 2022/2023 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due To Parent Ministry | 0 | 0 |
| Due To County Government | 0 | 0 |
| Due To Key Management Personnel | 0 | 0 |
| Total | 0 | 0 |

27. Contingent assets and contingent liabilities

| Contingent Liabilities | 2023/2024 | 2022/2023 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Court Case Against the Fund | 0 | 0 |
| Bank Guarantees | 0 | 0 |
| Total | 0 | 0 |

(Give details)

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024

Notes To The Financial Statements (Continued)

28. 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:

| Description | Total amount Kshs | Fully perform ing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|---------------------------------|------------------|------------------|
| At 30 June 2024 | | | | |
| Receivables From Exchange Transactions | 133,138,901 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 5,534,563 | 0 | 0 | 0 |
| Total | 138,673,464 | 0 | 0 | 0 |
| At 30 June 2023 | | | | |
| Receivables From Exchange Transactions | 137,327,038 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 4,865,168 | 0 | 0 | 0 |
| Total | 142,192,206 | 0 | 0 | 0 |

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

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024

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 significant concentration of credit risk on amounts due

The Loan Management Committee 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 |
| At 30 June (2024) | | | | |
| Trade Payables | 0 | 0 | 0 | 0 |
| Current Portion Of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June (2023) | | | | |
| Trade Payables | 0 | 0 | 0 | 0 |
| Current Portion Of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024

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 ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

i. 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 |
| At 30 June (2024) | | | |
| Financial Assets | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 |
| Cash | 0 | 0 | 0 |
| Debtors/ Receivables | | | |
| Liabilities | | | |
| Trade And Other Payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net Foreign Currency Asset/(Liability) | 0 | 0 | 0 |

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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 |
| (2024) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| (2023) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2021 – Kshs 0).

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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 | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | 0 | 0 |
| Revolving fund | 119,275,802 | 119,275,802 |
| Accumulated surplus | 16,446,304 | 16,709,293 |
| Total funds | 135,722,106 | 135,985,095 |
| | | |
| Total borrowings | 0 | 0 |
| Less: cash and bank balances | 5,534,563 | 4,865,168 |
| Net debt/(excess cash and cash equivalents) | 5,534,563 | 4,865,168 |
| Gearing | 4.0% | 3.6% |

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Act (County Assembly Staff Loan Scheme Fund) regulation 2018. Its ultimate parent is the County Government of Kiambu.

31. Currency

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

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.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|------------------------------------|--|
| OAG/NRO/C AK-CLMSF/2022/2023/(19) | <p>1. Staff Issued with More than One Loan Review of mortgage loans issued revealed that five (5) staff members were issued with top-up loans totalling Kshs.22,021,550 when the previous loans issued of Kshs.24,205,854 had not been cleared. This is contrary to Regulation 17(4) of the Kiambu County Assembly Staff Mortgage Scheme Fund, 2018 which states that a borrower granted a loan shall not be eligible for a second loan until full payment of the first loan provided that no borrower shall be eligible for more than two loans.</p> | <p>The Kiambu County Assembly Staff Mortgage Scheme Funds Regulation, 2018 and as guided by the Salaries and Remuneration Commissions (SRC) provides maximum loan entitlement to all cadres of staff. The staff mortgage loan management committee strictly approves loans based on the above. However, due to inadequate funding of the Staff Mortgage Scheme Fund, staff are only able to access partial disbursements of the loan they applied. It is for this reason that staff members received loan</p> | Resolved | |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| | | disbursement in piecemeal. It is also in compliance with County Assembly of Kiambu regulation, 2018 | | |
| | <p>2. Mortgage Loans with Expired Insurance Policies</p> <p>A review of loan documents provided for audit revealed that two (2) members of staff were issued with mortgage loans. However, the insurance policies provided for audit had expired and no reason was provided that the staff could not renew their insurance policies as this exposes the County Assembly to loss of funds invested in the property in case of any eventuality. This was contrary to Regulation 18 of the Kiambu County Assembly Staff Mortgage Scheme Fund Regulations, 2018 which states that a borrower of a loan whose house is under construction shall take an insurance cover for the sum of the loan granted.</p> | <p>As rightly pointed out in the report two members of staff had expired loan protection insurance policies. The fund administrator issued a demand notice to the two staff members to renew their loan insurance protection cover.</p> | Partially resolved | 31 st December 2024 |
| | <p>3. Lack of an Approved Budget for the Operations of the Staff Loan Scheme Fund</p> <p>A review of operations revealed that the Fund did not maintain an</p> | The Assembly has been making budget provisions over the years. In this particular financial year | Resolved | |

**County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2024**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|------------------------------------|--|
| | <p>approved budget for the financial year under review. This was contrary to Regulation 30(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the budget preparation process for the following financial year shall start not later than the 30 August of the current financial year with the issuance of the annual budget circular by the County Executive Committee Member for Finance and in compliance with formats and recommendations contained in the annual budget preparation circular or guidelines, instructions and the financial manual.</p> | <p>due to many competing needs of the Assembly, the Assembly did not make budget provision for the staff mortgage scheme fund.</p> | | |

Fund Manager/Accounting Officer (Clerk, County Assembly of Kiambu)

Date.....14/11/2024

**Kiambu County
County Assembly Staff Loan Scheme fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Annex II: Inter-Fund Confirmation Letter



One members of staff
1492-00900

The County Assembly Staff Loan Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 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.

| Confirmation of amounts received by County Assembly Staff Loan Scheme Fund as at 30 th June 2024 | | | | | | | |
|---|-----------------------------|---|-----------------|-----------------------|-------------------|--|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by County Assembly Staff Loan Scheme Fund (Kshs) as at 30 th June 2024 | | | | Amount Received by the beneficiary (KShs) as at 30 th June 2024 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| John Mwivithi Mutie | June 6 th , 2024 | 2,500,000 | 0 | 0 | 0 | 2,500,000 | 0 |
| Total | | 2,500,000 | 0 | 0 | 0 | 2,500,000 | 0 |

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

Head of Accountants department of beneficiary Fund:

Name Sarah Kiriki Sign [Signature] Date 14/11/2024

Kiambu County
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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 | | |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
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Annex IV: Reporting on Disaster Management Expenditure

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