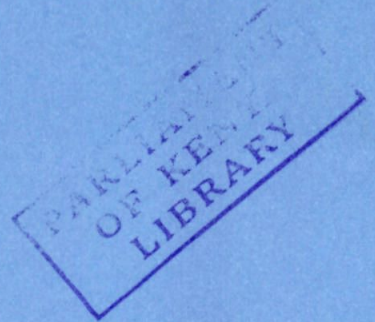


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF EMBU
CAR LOAN AND MORTGAGE (MEMBERS)
SCHEME FUND**

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mas/Whip
COMMITTEE	
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**COUNTY ASSEMBLY OF EMBU CAR LOAN AND MORTGAGE
(MEMBERS) 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 of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024



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1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
CAE	County Assembly of Embu
CASBE	County Assembly Service Board of Embu
NT	National Treasury
EACC	Ethics and Anti-Corruption Commission
COB	Controller of Budget
PAC	Public Accounts Committee
PIA	Principal Internal Auditor
FA	Fund Administrator
CA	County Assembly
CoK	Constitution of Kenya 2010

a) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Fund Administrator	The person responsible for financial management of the fund

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County Assembly of Embu Car loan and Mortgage scheme fund is established pursuant to Section 116 of the PFM Act and supplemented with the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. The fund was established in 2014 as 2 funds i.e The County Assembly of Embu Car Loan (Members) scheme fund and County Assembly of Embu Mortgage (Members) Scheme fund and separate regulations for each fund were developed in 20th March 2014.

In 24th January 2019, under the advisory from SRC the 2 funds were consolidated into 1 fund and new regulations were developed accommodate the collapsing of these 2 funds into 1 fund. These regulations were renamed as County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund regulations 2019.

In 10th November 2022 the regulations were repealed again to accommodate the dynamic changes in the fund hence renamed County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund regulations 2022 which are currently in force.

The Fund is wholly owned by the County Assembly of Embu and is domiciled in Kenya. The objective of fund is to provide Car and Mortgage loans to MCAs to facilitate them in their roles as enshrined in the Constitution.

The principal activity of the fund is to provide car loans and mortgage to Members of the County Assembly at affordable interest rates in order to facilitate them buy or construct individual residential houses and purchase cars for their use in order to serve their electorate efficiently.

Section 167 of the Public Finance Management (PFM) Act 2012 mandates the Administrator of public funds with the responsibility of the preparation of annual financial statements. For proper management of the fund and as advised by the SRC in the circular under the reference, the County Assembly of Embu adopted the PFM regulations 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Service Board appointed a banking institution to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising there from, the County Assembly Service Board approved and adopted.

b) Principal Activities

The mandate of the fund is to provide car loans and mortgage to Members of the County Assembly at affordable interest rates in order to facilitate them buy or construct individual residential houses and purchase cars for their use in order to serve their electorate efficiently. The loans are recovered from the member's salaries and allowances within their term of office.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Nyaga Peter Mureithi	Chairman of the Committee
2	Hon. Njiru Paul Muchangi	Member
3.	Hon Nzangi Phillip Kinyutu	Member
4.	Hon. Mbaka John Ngari	Member
5.	Hon. Swaleh Ibrahim	Member
6.	Hon Fred Gatumu	Member
7.	Hon. Munyambu John Itumo	Member
8.	Hon. Githinji Daniel	Member
9.	Hon. Njued Jane Karimi	Member
10.	Hon. Sammy Muturi	Member
11.	Hon. Edwin N. Mureithi	Member
12	Jim G. Kauma	Fund Administrator

d) Key Management team

Ref	Position	Name
1	Fund Manager/ Administrator	Jim G. Kauma
2	Deputy/ Clerk	James Munyi Ileri
3	Fund Committee Clerk	David Githaga Mwangi
4	Director Finance & Accounts	Josiah Muhia Karanja
5	Director Human Resources Management	Moses Mucangi Karagirwa
6	Director Legal Services	Boniface Muthomi
7	Principal Finance Officer	Kamau Wachiuri

e) **Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Principal Internal Auditor	CPA Stephen Kiso
2	CASBE	Hon. Josiah Thiriku (Chairperson)
3	CAE Audit Committee	CS Hellen Mungania (Chairperson)
4	PAC	Hon. Paul Muchangi (Chairperson)

f) **Registered Offices**

County Assembly of Embu Chambers
Spring Valley Area along James Nyaga Crescent road - Opposite Faith House
P O Box140-60100
EMBU, KENYA

g) **Fund Contacts**

Telephone: (254) 0682231208
E-mail: countyassemblyofembu@gmail.com
Website: www.embuassembly.go.ke

h) **Fund Bankers**

1. Family Bank Kenya - Embu Branch
2. Winnas Sacco – EMBU

i) **Independent Auditors**

Auditor General - Office of the Auditor General
Anniversary Towers, University Way
P O Box 30084- GPO 00100
NAIROBI, KENYA

j) **Principal Legal Adviser**

The Attorney General
State Law Office- Harambee Avenue
P.O. Box 40112 - City Square 00200
NAIROBI, KENYA.

k) **County Attorney**





The Director, Litigation, Legal Compliance and Legislative Drafting,
County Assembly of Embu

3. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

NAME	DETAILS OF QUALIFICATIONS AND EXPERIENCE
 <p data-bbox="252 801 608 837">Hon. Peter Nyaga Muriithi.</p>	<p data-bbox="762 488 1390 725">MCA- Mbeti North Ward. Date of Birth : 1st January 1958 Leader of Majority Party Chairman Car loan and Mortgage fund. Vice Chairperson – County Assembly Service Board Chairperson Car Loan and Mortgage Committee</p>
 <p data-bbox="252 1115 533 1151">Hon. Swaleh Ibrahim</p>	<p data-bbox="762 846 1214 1039">MCA- Kirimari Ward Date of Birth: 4th November 1973. Deputy Speaker Chairman Liaison Committee Member Mortgage and car loan fund</p>
 <p data-bbox="256 1429 617 1464">Hon. Njiru Paul Muchangi</p>	<p data-bbox="762 1189 1465 1352">MCA – Gatari North Date of Birth : 12th April 1981 Chairperson Public Accounts and Investment Committee Member Mortgage and car loan fund</p>
 <p data-bbox="261 1794 588 1830">Hon. Mbaka John Ngari</p>	<p data-bbox="762 1503 1230 1666">MCA – Mavuria Ward Date of Birth: 1st January 1970 Leader of Minority Party Member Car loan and Mortgage fund</p>

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund



Annual Report and Financial Statements for the year ended June 30, 2024

	<p>MCA – Gaturi South Date of Birth : 18th September 1983 Chairperson Ward Equalization Committee Member Car loan and Mortgage fund</p>
	<p>MCA – Makima Ward Date of Birth 12thDecember 1978 Chairperson - Administration Committee Member Speaker’s Panel Member Mortgage and car loan fund</p>
	<p>MCA – Mwea Ward Date of Birth : 31st May 1972 Chairperson Health Committee Member Mortgage and car loan fund</p>
	<p>MCA – Nominated Date of Birth 9th December 1988 Member Mortgage and car loan fund</p>

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

	<p>MCA - Runyenjes Ward Date Of Birth : 22nd July 1987 Chairperson Road, Transport and Public Works Member Car loan and Mortgage fund</p>
	<p>Nominated MCA Date of Birth: 13th May 1978 Member Mortgage and car loan fund Member Car loan and Mortgage fund</p>
	<p>MCA - Ruguru Ngandori Date of Birth 17th October 1982 Member Car loan and Mortgage fund</p>
	<p>County Assembly Clerk Date of birth: 19th September 1981 Master's degree in Public Policy and Administration Fund Administrator</p>

4. MANAGEMENT TEAM.

Name	Details of qualifications and experience
	<p>Name: Mr. Jim G. Gitonga. Date of Birth: 19th September 1981 Designation: County Assembly Clerk Qualification: Master's degree in Public Policy and Administration. Fund administrator.</p>
	<p>Name: Mr. James Munyi Ileri Date of Birth: 7th February 1980 Designation: County Assembly Deputy Clerk Qualification: Bachelor of science</p>
	<p>Name: CPA Josiah Muhia Karanja Date of Birth: 1st July 1975 Designation: Director financial and accounting services Qualification: B/Comm. CPA(K) CPS (K)</p>
	<p>Name: Mr David Mwangi Githaga Date of Birth: 22nd June 1970 Designation: Director Legislative and Procedural and committee Services Qualification: Bachelors of Arts (BA) Fund Committee Clerk</p>

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	<p>Name: Mr. Boniface Muthomi Date of Birth: 10th May 1985 Designation: Director, Litigation, legal compliance and Legislative Drafting. Qualification: Bachelor of Laws.</p>
	<p>Name: Mr. Moses Mucangi Karagirwa Date of Birth: 21st August 1967 Designation: Director, Director Human Resource Management Qualification: MSC, Human Resource Management.</p>
	<p>Name: CPA. Kamau Wachiuri Date of Birth: 1st May 1972 Designation: Principal Finance Officer Qualification: MSc finance and accounting, CPA(K) Fund accountant.</p>

5. BOARD/FUND COMMITTEE CHAIRPERSON'S REPORT

a) Changes in the Fund during the year (in terms of the board or key management team)

The board of trustees has continued to perform its distinct functions to achieve the objectives of the board. In the Financial year under review there were no changes in the management of the fund and also in the key management team.

b) Review of the Fund's performance

The fund performance has been vibrant in the year. All the 31 MCAs and 2 members of the County Assembly Service Board have already received the Car loans and Mortgage and are currently repaying their loans as scheduled.

c) Future outlook of the Fund

Previously, Family Bank limited Embu branch were the fund managers, later County assembly of Embu decided to run the fund internally in-order to achieve the following;

- i. Accurate and reliable financial reporting
- ii. Quick transparent disbursement of loan
- iii. Reduced costs of operational costs of the fund

The fund has a sound financial base and is expected to remain financially viable in future with ploughing back of the interests earned from the disbursed loans to members.

a) A conclusion

The fund has continued to exercise its mandate of ensuring that the MCAs get car and Mortgage loans at affordable interest rates to facilitate them in their legislative, oversight and representation roles. This facilitation has a positive motivation effect on MCAs who have been able to serve the citizen in an efficient way.

It is my hope that the fund we continue to exercise its mandate in future.

SIGN: 

HON. PETER NYAGA MURIITHI
CHAIRMAN - CAR LOAN AND MORTGAGE COMMITTEE

6. REPORT OF THE FUND ADMINISTRATOR

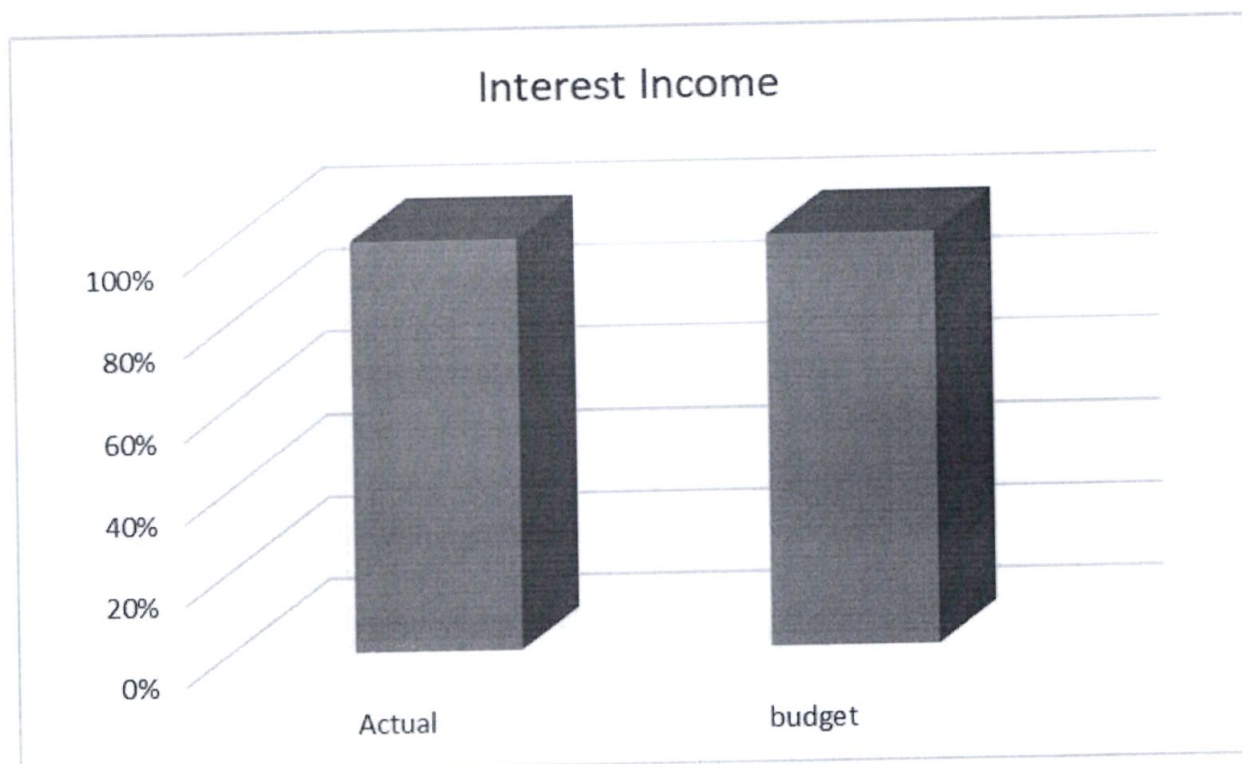
It is my pleasure to present the County Assembly of Embu Mortgage and Car loan Fund financial statements for the 12 months ended 30th June, 2024. The financial statements present the financial performance of the fund over the past twelve months. It's worth noting that the fund started in FY 2013/2014 and has continued disbursing loans to the Members of the County Assembly at very low Annual interest rates of 3% to facilitate them buy cars and construct residential houses.

The budget performance

The fund was established and started with an initial amount of Kshs **165,000,000** which was deposited at Family bank Embu Branch in 2014 and was later transferred to Winnas Sacco Embu branch in the year 2022.

Incomes

The fund also realized interest income of Kshs 4,132,933 as compared to Kshs. 4,800,000 that had been budgeted. This is due to reduced loan balances which are used to calculate the interest income.as members continued to repay the loan



County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

In Comparison with 2022/2023 there was reduced income especially in the Interest revenue due to the fact that reduced loan balances leads to reduced interest income.

Fund Expenses

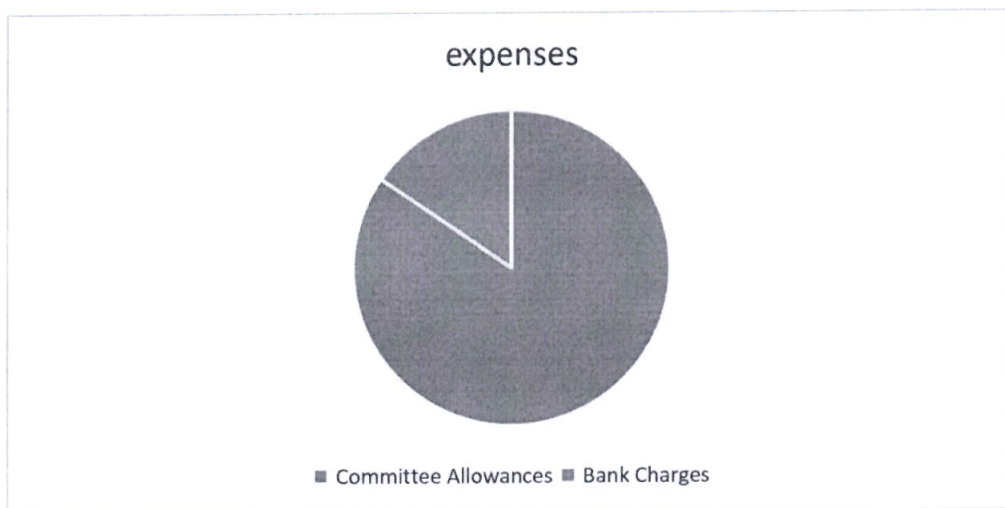
During the year the Fund had total expenses of Kshs. 730,825 which was made up of the following items;

- a) Committee Allowances - Kshs. 618,100.

The allowances were paid to members of the committee and the secretariat based on SRC rates for the various meeting held in the financial year.

- b) Bank charges Kshs 112,725

The bank charges were charged by the bank based on the various transactions undertaken in the year under review. The expenses are represented by a pie chart as follows.



During the period of twelve months ended 30th June 2024, the fund realized net surplus of Kshs 3,402,108 in the Financial Year under review. The MCAs serviced their Mortgage Loans as scheduled.

The outputs and outcomes

By 30th June 2024, all the Members of the County Assembly of Embu (MCAs) had received their mortgages and continued to service the loans as was scheduled. The provision of these

loan facilities at a low interest rate has enabled MCAs to move efficiently within the County, live in constructed good homes and hence they are well motivated to effectively perform their roles.

The fund has managed to achieve value for money as members utilized the loans acquired for the intended purposes.

The value- for- money achievement.

The fund has gained value for money on loan issued to members as it has been utilized for the intended purposes that is buying of vehicles and building or improving the member's houses.

The implementation challenges.

The main challenge faced during implementation of repayment of MCAs mortgages during the period under review was the delayed release of funds by the National Treasury to the County Assembly of Embu which sometimes lead to delay in repayment of members' mortgage loans by one or two installments which is eventually paid later.

In general, the period under review was successful and good progress was made and the momentum has been created to enable County Assembly of Embu Mortgage and Car loan fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent year.

Risk Management Strategies

The Fund just like any other Institutions, faces a myriads of risks in its operations spanning from Non-performing loans, death or incapacitation of members, recalling of individual Members by members of the public among others.

To mitigate on this, the fund has made sure that all loans are insured and ensured that all loans are secured either by collateral or guarantee from other members.

I take this opportunity to thank County Assembly of Embu mortgage and car loan fund committee for their support during the period under review and look forward to working with them in future.

SIGNED: _____

JIM G KAUMA



FUND ADMINISTRATOR

7. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the County Assembly of Embu Mortgage and Car Loan fund are to

- a) Provide cheap Car loans to members to enable purchase of vehicles for to ease their movement at 3% per annum.
- b) Provide Mortgage loan to members at of 3% per annum.

Progress on attainment of Strategic development objectives

The County Assembly has achieved its strategic development objective to provide mortgage and car loans at 3% to all honorable members and the Honorable Speaker. The total amount disbursed initially was Kshs. 165,000,000. This has facilitated members in their Legislative representation and oversight roles as they can easily travel from their Wards to the County Assembly offices and other areas when necessary. This has also motivated the members of the County Assembly to work for improved service delivery to citizens

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loans	To facilitate Members of the County Assembly travel efficiently from the wards to County	Efficient movement of MCAs from the wards to Assembly chambers	100% of the members of the County Assembly have received the loans	In the Financial year 2023/2024 all members of the county assembly had accessed their loans, whoever they were

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Program	Objective	Outcome	Indicator	Performance
	Assembly of Embu			converted to car benefits.
Mortgages	To support members of the county assembly construct descent houses	Construction of descent houses for the members of the County Assembly	100% of MCAs have now constructed decent houses	All MCAs have utilized the loans as intended and constructed decent homes.

8. CORPORATE GOVERNANCE STATEMENT

The County Assembly of Embu Car & Mortgage Fund scheme is a revolving fund established pursuant to Section 116 of the PFM Act, and the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012.

Its mandate is to provide mortgage and car loans to MCAs. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements.

The fund committee have continued to oversee the funds operations where they hold monthly meetings to review loan repayment status among other issues. They will continue to serve the fund until the year 2027 as per the fund regulations.

- **Number of fund administration committee meetings held and the attendance to those meetings by members.**

The attendance of the meeting has been good and the Committee was able to hold 11 meetings as at the 30th June 2024. Almost every member attended the meetings when convened.

- **Succession plan,**

The board of trustee is appointed at the start of every term of new Assembly. The majority leader is an automatic member of Embu county Assembly Service Board (CASBE).

The rest of the board of trustee members are appointed from the MCAs. The key management of staff are drawn from the officers of the County Assembly of Embu who also include the fund administrator, Director legislative, procedural and Committee Services, Director Finance and Accounting services and the fund Accountant.

The current Board will hold office for the period 2022 to 2027 term of the Assembly.

- **Existence of a Board/Trustee Charter,**

Currently the fund has not developed a service charter.

- **Process of appointment and removal of trustees.**

The term of the administration Committee members expires at the expiry of each term of an Assembly i.e. each five (5) year term. A new board of trustee will be appointed during the 2022 to 2027 Assembly term

- **Roles and functions of the Board/Trustees.**

The Board of trustee meet as and when necessary to deliberate on matters as necessary which includes:

- Considerations of application of loans by MCAs
- Ensuring that amounts deducted from members by the assembly are remitted to Winnas Sacco Embu branch as required.
- To perform any other function as guided by the Fund regulations.

- **Induction and training.**

The Fund committee are usually inducted on their roles, duties and responsibilities at the start of their term in office. However, a continuous training will be necessary in future.

- **Board and member performance,**

The board has performed as is expected and achieved its goals of administering car loan and mortgages to members and ensuring monthly repayments of the loans.

- **Conflict of Interest,**

Board of trustee members are advised to declare interest they may have and that could affect their performance in the board.

- **Board/Trustee Remuneration,**

The fund administration Committee members are paid sitting allowances as per salaries and remuneration commission (SRC) approved rates.

- **Ethics and conduct as well as governance audit.**

The fund has not undertaken any ethics or governance audit in the period under review

9. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational performance and financial performance

The Committee was able to conduct 11 meetings in the year 2023-2024

A summary of those meetings conducted in the financial year 2023-2024 was as follows'

Date	Main Agenda	Resolution/Remarks
18/08/2023	Report on loan disbursement schedule and allowances of committee members. Payment of sitting allowances Committee allowances The Car loan and Mortgage (members) scheme fund budget 2024-2025	Resolutions. Comprehensive report on Interest earned by the Fund to be presented in the next meeting. -Members and secretariat to be paid their pending allowances. Car loan and Mortgage (members) scheme Budget 2024-2025 discussed and Approved.
20/09/2023	Payment of members and secretariat allowances	Member and secretariat allowances had been paid as per SRC approved rates.
19/10/2023	Loan repayment by members.	Members were taken through the loan repayment schedules and noted that the loans were as scheduled.
22/11/2023	Loan Repayment	Members were taken through the loan repayment schedules and noted that the loans were as scheduled.
06/12/2023	Loan Repayment by members	Members were taken through the payment schedule and noted the loan are paid in time and the right amounts.
31/01/2024	Inter- fund borrowing	Members discussed and approved the borrowing of Kshs 24,183,200 from Car and Mortgage members fund by the County Assembly of Embu service board.
27/02/2024	Loan Repayment	Members were taken through the loan repayment schedules and noted that the loans were as scheduled.
22/03/2024	Loan Repayment	Members were taken through the payment schedule and noted the loan are paid in time and the right amounts
17/04/2024	Loan Repayment by members	Members were taken through the loan repayment

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

		schedules and noted that the loans were as scheduled.
02/05/2024	Loan Repayment	Members were taken through the payment schedule and noted the loan are paid in time and the right amounts
11/06/2024	Loan repayment Payment of Allowances	Members were taken through the payment schedule and noted the loan are paid in time and the right amounts. Members discussed and agreed that allowances be paid as SRC circular.

b) Entity's key projects or investments decision implemented or on-going-

The main activity of the fund is issuing loans to the members of the County Assembly and normally this is done at the start of the members' term. The fund has no any capital project for the time being nor has it made any investment decision on the same.

c) Fund's compliance with statutory requirements,

The fund has fully complied all relevant statutes including PFM Act 2012, the County Assembly of Embu Car loan and Mortgage (Members) Scheme fund regulations and all circulars from SRC. All the statutory matters are dealt with by the Committee of the fund and in the year under consideration there were no material statutory arrears.

d) Major risks facing the fund

There is no major risk facing the fund, all MCAs have been given the loan and are repaying them as scheduled.

e) Material arrears in statutory and other financial obligations

The fund do not have any arrears in statutory deductions nor any financial obligation outstanding unpaid.

f) Any other information

No issues have arisen in the course of the management of the fund which have been brought to the attention of the management committee

10. ENVIROMENTAL AND SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

To ensure sustainability of the fund the board of trustees jointly with key management staff ensure the mortgage loans are timely issued, repaid and key governance responsibilities are adhered to. The fund is well funded and is utilized for the purpose intended for i.e. extend Car & mortgage to members.

2. Environmental performance.

The fund has no environmental policy but uses the already existing environmental laws in her operations.

3. Employee welfare

The fund utilizes the staff of the County Assembly for performance of its duties. The welfare, appraisals and rewards are undertaken by county Assembly Service Board (CASB).

4. Market place practices

The fund utilizes the facilities and resources of the County Assembly of Embu.

a) Responsible competition practice.

The County Assembly of Embu Car Loan mortgage Fund ensures responsible competition practices by ensuring any loan application is processed on a first come and first out basis to ensure every application is given fair preference. The election of Honorable members to the board of trustees is democratically done and involves all members of the County Assembly of Embu.

b) Responsible Supply chain and supplier relations

The fund relies on County Assembly of Embu for all her supply needs.

c) Responsible marketing and advertisement

The fund relies on County Assembly of Embu for all its marketing and advertisement where necessary

d) Product stewardship.

The fund relies on the approved regulations to manage her operations where the member's rights and obligations are well spelt out.

5. Corporate Social Responsibility / Community Engagements.

Since the fund is still young in terms of the number of years in operation, it has not yet started community engagement

11. REPORT OF THE TRUSTEES

The Trustees submit their report together with the Financial Statements for the year ended June 30, 2024, which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide Car and Mortgage Loans to members of the County Assembly. The fund has continued to issue loans to members as per its mandate and members have been paying their loan diligently.

Results

The performance of the Fund for the year ended June 30, 2024, are as set out on page 1 to 5 of this financial report and statements.

Trustees

There is no change in the membership of the trustees as indicated from page Roman vi to Roman viii. The present members of the committee will run the fund until the end of the current term of 5 years unless the committee on powers and privileges makes changes in the membership of the committee in future.

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. For the year ended 30th June, 2024 the Office of the Auditor General will conduct the Audit of the of the reports and the financial statements of the fund

..... 05/12/2024
HON. NYAGA PETER MURIITHI
CHAIR OF THE BOARD / FUND ADMINISTRATION COMMITTEE.

DATE: 

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 pursuant to Section 116 of the Public Finance Management Act and supplemented by SRC Circular No. SRS/TS/WH/3/14 of 14th February 2014.

The Administrator who is the Clerk to the County Assembly 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. Applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 167 of the Public Finance Management Act (PFMA) and supplemented by SRC Circular No. SRS/TS/WH/3/14 of 14th February 2014.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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.



County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

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

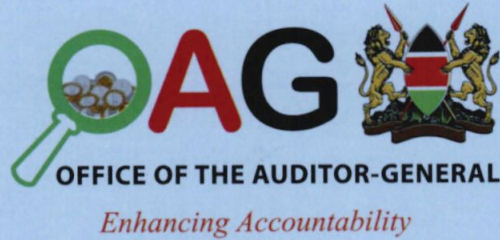
Approval of the financial statements

The Fund's financial statements were approved by the Board on.....05/12/.....2024 and signed on its behalf by:



JIM G KAUMA
FUND ADMINISTRATOR – CAR LOAN AND MORTGAGE (MEMBERS) FUND

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Embu Car Loan and Mortgage (Members) 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 do not comply with the Public Finance Management (County Assembly of Embu) Car Loan and Mortgage (Members) Scheme Fund Regulations, 2020 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Non-Submission of Financial Statements for Previous Years

As reported in the previous year, the Fund commenced operations in June, 2014. During this period (2014-2018), the County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund operated as two distinct Funds namely 'Car Loan Fund' and 'Mortgage Scheme Fund' with each Fund having its distinct Regulations both enacted in 2014. However, the financial statements of the two Funds for the years 2014/2015 to 2017/2018 were not submitted to the Auditor-General contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation shall be submitted to the Auditor-General within three months after the end of the financial year to which the accounts relate.

In the absence of the previous year's financial statements, the source and accuracy of the opening balances reflected in the financial statements for the year under review could not be confirmed.

In the circumstances, accuracy of the opening balances for the year under review could not be confirmed. In addition, Management was in breach of the law.

2. Long Overdue Unremitted Deductions

The statement of financial position and as disclosed in Note 5 to the financial statements reflects current portion of receivables from exchange transactions balance of

Kshs.10,557,982 which includes May and June, 2022 interest receivables and principal repayments of Kshs.804,898 and Kshs.6,491,825. However, the ledger reflects May and June, 2022 interest receivable and principal repayments of Kshs.796,804 and Kshs.6,145,846 resulting in a variance of Kshs.8,094 and Kshs.345,979 respectively, which has been attributed to August, 2022 mortgage deductions which was long overdue and had taken too long to be remitted to the Fund accounts to date. Further, these balances have been wrongly classified under current portion of receivables from exchange transactions instead of long-term receivables from exchange transactions.

This was contrary to Section 19(4) of the Employment Act 2007 which states that an employer who defaults an amount from an employee's remuneration in accordance with the Sub section 1(a) (f), (g), and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transactions balance of Kshs.10,557,982 could not be confirmed. In addition, Management is in breach of the law.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not provided an explanation of how the issues were resolved.

Other Information

The Management is responsible for the other information set out on page iii to xxiv which comprise of Fund's Information and Overall Performance, Statement of Performance against the Fund's Predetermined Objectives, Environmental and Sustainability

Reporting and statement of Fund's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund 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 and 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, I confirm that internal controls, risk management and overall 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 control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 control, risk management and overall 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 also 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

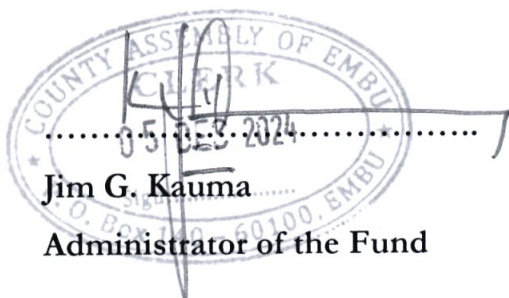
Nairobi

19 December, 2024

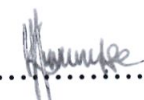
14. Statement of Financial Performance for the Year ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from County Government	1	0	89,000,000
		0	89,000,000
Revenue From Exchange Transactions			
Interest Income	2	4,132,933	3,190,253
Total Revenue		4,132,933	92,190,253
Expense			
Use of Goods and Services	3	730,825	3,101,200
Total Expenses		730,825	3,101,200
Surplus/Deficit for the Period		3,402,108	89,089,053

(The notes set out on pages 6 to 20 form an integral part of this financial statements)



 Jim G. Kauma.....
 Administrator of the Fund



 Kamau Wachiuri
 Fund Accountant
 ICPAK M/No. 8192

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024


15. Statement of Financial Position as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	34,708,115	24,221,947
Current Portion of receivables from exchange transactions	5	10,557,982	9,538,009
Current receivables from Related Parties	6	28,560,001	0
Total current assets		73,826,098	33,759,956
Non-current assets			
Long term receivables from exchange transactions	7	117,624,632	154,636,375
Total non-current assets		117,624,632	154,636,375
Total Assets		191,450,730	188,396,331
Liabilities			
Current Liabilities			
Accounts Payables – Deposits and Retention	8	225,222	572,931
Total Liabilities		252,222	572,931
Net Assets		191,225,508	187,823,400
Represented By:			
Revolving Fund	9	165,000,610	165,000,610
Accumulated Surplus/Deficit	10	26,224,898	19,487,025
Prior Year Adjustments	11	0	3,335,765
NET FINANCIAL POSITION		191,225,508	187,823,400

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Financial statements were approved on 05/12/2024... 2024 and signed by:



 Jim G Katma
 Administrator of the Fund



 Kamau Wachiuri
 Fund Accountant
 ICPAK M/No. 8192

County Assembly of Embu Car Loan and Mortgage (Members) 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.	Kshs
Balance as at 1st July 2022	165,000,610		(69,602,028)	95,398,582
Prior year adjustments			3,335,765	3,335,765
Surplus/(deficit) for the period			89,089,053	89,089,053
Balance as at 30th June 2023	165,000,610		22,822,790	187,823,400
				-
Balance as at 1 st July 2023	165,000,610		22,822,790	187,823,400
Surplus for the Period			3,402,108	3,402,108
Balance as at 30 th June 2024	165,000,610	-	26,224,898	191,225,508


County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for the year ended 30th June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
Cash flow from operating activities			
Receipts			
Transfer from CRF	1	0	89,000,000
Interest Income	2	4,132,933	3,190,253
Other Income			
Total Receipts		4,132,933	92,190,253
Payments			
Use of Goods and Services	3	(730,825)	(3,101,200)
Total Payments		(730,825)	(3,101,200)
Cash flows from Operating activities		3,402,108	89,089,053
Adjusted for:			
Increase/decrease in Receivables		(29,579,974)	582,616
Increase/(Decrease) in Payables		(347,709)	(612,930)
Net Cash flows from operating Activities		(26,525,575)	87,897,274
Cash flow from investing activities			
Loans disbursement paid out		0	(177,900,000)
Proceeds from Loan Principal Repayments		37,011,743	27,113,451
Net cash flows from Investing Activities		37,011,743	(150,786,549)
Net Cash flows from financing activities		0	0
Net Increase (Decrease) in Cash and Cash Equivalent		10,486,168	(62,893,042)
Cash and cash equivalent at 1 July 2023		24,221,947	87,114,989
Cash and cash equivalent at 30th June 2024		34,708,115	24,221,947

(The notes set out on pages 6 to 21 form an integral part of this financial statements)


Jim G Katina
 Administrator of the Fund



Kamau Wachiuri
 Fund Accountant
 ICPAK M/No. 8192

County Assembly of Embu Car Loan and Mortgage (Members) 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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Utilization difference
	2024	2024	2024	2024	2024	2024
	KShs	KShs	Kshs	KShs	Kshs	KShs
Revenue						
Interest Income	4,200,000	-	4,200,000	4,132,933	67,067	98%
Other Receipts (Funds in Bank)	0	-				
Total Income	4,200,000	-	4,200,000	4,132,933	67,067	98%
Expenditure						
Use of Goods	4,200,000		4,200,000	730,825	69,175	
Total Expenditure	4,200,000	-	4,200,000	730,825	69,175	91%
Surplus For the period	000	-	000	3,402,108	2,108	100%

19. Notes to Financial Statements

1. General Information

The county assembly of Embu car loan and mortgage scheme is established by and derives its authority and accountability from Section 116 of the PFM Act 2012 and the County Assembly of Embu Car Loan and Mortgage (Members) scheme Regulations. The scheme is wholly owned by the County Assembly of Embu and is domiciled in Kenya. The schemes principal activity is lending Car loans and Mortgages to members of the County Assembly of Embu to facilitate them deliver on their mandates.

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2024

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(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></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not adopt any new or amended standards in year 2024.

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 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 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.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

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.

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.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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 labor 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.

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.

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.

6. 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 judgments, 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 xxx.

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

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes to the Financial Statements

1. Transfer from County		2023-2024	2022-2023
Description		Kshs	Kshs
	Fund opening Balance	0	
	Transfers from National	0	89,000,000
	Total	0	89,000,000

2. Interest Income		2023-2024	2022-2023
Description		Kshs	Kshs
Jul	Interest Income	386,591	1,865
Aug	Interest Income	378,986	985
Sep	Interest Income	371,361	102
Oct	Interest Income	363,718	235,102
Nov	Interest Income	356,055	227,875
Dec	Interest Income	348,374	318,129
Jan	Interest Income	340,673	396,110
Feb	Interest Income	332,953	388,311
Mar	Interest Income	325,213	416,223
Apr	Interest Income	317,454	409,205
May	Interest Income	309,676	401,957
Jun	Interest Income	301,879	394,390
	Total	4,132,933	3,190,253

3. Use of Goods and Services		2023-2024	2022-2023
Description		Kshs	Kshs
	Committee Allowances	618,100	
	Bank Charges	112,725	1,200
	Insurance cost	0	3,100,000
	Total	730,825	3,101,200

4. Cash and Cash equivalent		2023-2024	2022-2023
Description		Kshs	Kshs
	CAE Car loan & Mortgage Account	34,708,115	24,221,947
	Total	34,708,115	24,221,947

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Detailed Analysis of Cash and Cash equivalent

		2023-2024	2022-2023
	Financial Institution	Account number	Kshs
a.	Current Account		
	Winnas Sacco	51100013001	34,602,133
	Family Bank	075000028013	0
	Family bank	075000042338	105,982
			34,708,115
			24,221,947

5.	Receivables From Exchange Transaction	2023-2024	2022-2023
	Description	Kshs	Kshs
	Current Receivables		
	1/07/2023 Interest receivables	804,498	804,898
	1/07/2023 Principal amount due	6,491,825	6,491,825
	Principal amount due end of Year	3,261,259	2,000,000
	Management Fees	0	241,286
	Total	10,557,982	9,538,009
6	Related party Balances		
A	Description	2023-2024	2022-2023
	Transfer from County Government	0	89,000,000
	Total	0	89,000,000
B	Due from Related parties		
	Description	2023-2024	2022-2023
	Due from Staff Car & Mortgage Fund	2,000,000	2,000,000
	Transfers to County Assembly Operations	26,318,715	0
	Management fees	241,286	0
	Total	28,560,001	2,000,000

7.	Long Term Receivables from Exchange Transactions	2023-2024	2022-2023
A	Outstanding Loans		
7.	Long Term Receivables		
A	Outstanding loans		
	Description	2023-2024	2022-2023
			Kshs
	Augustin James Njeru	2,427,094	4,216,824
	Gakungugu Agnes Wanjiru	3,425,578	4,215,342
	Gatumu Fredrick Mugendi	3,425,578	4,215,342

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
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	Githinji Daniel Ng'ang'a		3,425,578	4,215,342
	Githumbu Samuel Njeru		3,425,578	4,215,342
	Jimiah Jennifer		3,690,807	4,215,342
	Josiah Mureithi Thiriku		18,212,290	21,001,893
	Kanyua Barbanas Njama		3,425,578	4,215,342
	Karuri Julius Njagi		3,425,578	4,215,342
	Kavinda Mary Igoki		3,425,578	4,215,342
	Kithinji Maurice Macharia		3,425,578	4,215,342
	Kiura Murithi Njagi		3,425,578	4,215,342
	Mati Yvone Karambu		3,425,578	4,215,342
	Mbaka John Ngari		3,425,578	4,215,342
	Mbuchi Terry C Wanja		3,425,578	4,215,342
	Mbui Duncan Ileri		3,425,578	4,215,342
	Munyambu Job Itumo		3,425,578	4,215,342
	Muriuki Masters Leonard Mwaniki		2,063,149	2,536,838
	Muthoni Susan Mwendu		3,425,578	4,215,342
	Muturi Harrison Sammy		3,425,578	4,215,342
	Ndwiga Newton Kariuki		3,425,578	3,377,359
	Njiru Anne Lily		3,425,578	4,215,342
	Njiru Edwin Muriithi		3,425,578	4,215,342
	Njiru Paul Muchangi		3,425,578	4,215,342
	Njue Jane Karimi		3,425,578	4,215,342
	Njuki Johnson Mucangi		3,425,578	4,215,342
	Nyaga Maureen Kagendo		3,425,578	4,215,342
	Nyaga Peter Muriithi		3,425,578	4,215,342
	Nyaga Susan Wairimu		3,425,578	4,215,342
	Nzangi Philip Kinyutu		3,425,578	4,215,342
	Swaleh Ibrahim		3,425,578	4,215,342
	Rose Wanjiru Gitari		4,021,489	4,844,613
	Samuel Musau Muema		4,021,489	4,844,613
			117,624,632	154,636,375

8. Accounts Payables		2023-2024	2022-2023
Description			Kshs
	Accrued Committee Allowances	2,581	2,581
	CRF - Tablet Recovery	13,000	13,000
	Accrued Insurance	209,641	557,350
	Total	225,222	572,931

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

9. Revolving Fund			
Description		2023-2024	2022-2023
			Kshs
01/7/023	Bal b/d	165,000,610	165,000,610
30th June 2024	Balance b/d	165,000,610	165,000,610

10. Accumulated Surplus			
Description		2023-2024	2022-2023
		Kshs	Kshs
	Surplus 2019		830,530
	Deficit 2020		(343,837)
	Deficit for the year 2021		(70,095,039)
	Surplus 2022		6,318
	30th June 2022 Accumulated Surplus/(Deficit) C/d		(69,602,028)
	Surplus 2023		89,089,053
	30th June 2023 Accumulated Surplus/(Deficit) C/d	19,487,025	19,487,025
	Surplus for the year 2024	3,402,108	-
	Prior year Adjustment	3,335,765	-
	30 th June 2024	26,224,898	-

11. Prior Year Adjustment			
Description		2023-2024	2022-2023
		Kshs.	Kshs.
	30 th June Suspense Account	0	3,335,765

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

12. CREDIT RISK

	Description	Total Amount	Fully performing	Past due	Impaired
		Kshs	Kshs	Kshs	Kshs
	At 30 June 2024				
	Receivables from Exchange transactions	128,182,614	128,182,614	-	0
	Receivables from non-exchange transactions	28,560,001	28,560,001	-	0
	Bank Balances	34,708,115	34,708,115	-	0
	TOTALS	191,450,730	191,450,730	-	0
	At 30 June 2023				
	Receivables from Exchange transactions	164,174,384	164,174,384	-	0
	Bank Balances	24,221,947	24,221,947	-	0
	TOTALS	188,396,331	188,396,331		0

11. Annexes

Annex 1 Progress on Follow up of the Prior Year Auditor’s Recommendations

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

Ref No. on the external Audit Report	Issue/Observation From The Auditor	Management Comments	Status (Resolved/Not resolved)	Time frame (Put date when you expect the issue to be solved)
1.	<p>Non-Submission of Financial Statements for Previous Years</p> <p>As reported in the previous year, the Fund commenced operations in June, 2014. During this period (2014 - 2018), the County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund operated as two distinct Funds namely ‘Car Loan Fund’ and ‘Mortgage Scheme Fund’ with each Fund having its distinct regulations both enacted in 2014. However, the financial statements of the two Funds for the financial years 2014/2015 to 2017/2018 were not submitted to the Auditor-General contrary to Section 47(1) of the Public Audit Act, 2015, which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal</p>	<p>The Car loan and mortgage (Members) fund management committee plans to prepare and submit the pending financial statements as per the auditor’s recommendation.</p>	Pending	-

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
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	<p>year to which the accounts relate.</p> <p>However, in the absence of the previous year's financial statements, the source and accuracy of the opening balances reflected in the financial statements for the year under review could not be confirmed.</p> <p>In the circumstances, it has not been possible to confirm the source and accuracy of the opening balances for the year under review. In addition, Management was in breach of the law.</p>			
2.	<p>Unsupported prior year adjustment Unsupported Prior Year Adjustments</p> <p>The statement of financial position and as disclosed in Note 13 to the financial statements reflects prior year adjustment balance of Kshs.3, 335,765 which has not been supported by Journal vouchers explaining the transactions.</p> <p>In the circumstances, the accuracy and completeness of the financial statements could not be confirmed</p>	Journal entries passed to correct the previous errors.	Resolved.	N/a
3.	<p>Inaccurate and Long Overdue Unremitted Deductions</p> <p>The statement of financial position and as disclosed in Note 8 to the financial statements reflects current receivables from exchange transactions balance of Kshs.9,538,009 which includes May and June interest receivable and principal repayments of Kshs.804,898 and Kshs.6,491,825 respectively. However, the ledgers reflect May and June interest receivable and principal repayments of Kshs.796,804 and Kshs.6,145,846 resulting to a total variance of Kshs.354,073 which relate to August, 2022 mortgage deduction 'which was long overdue and had taken</p>	This matter has been noted and the amount of Kshs 354,073 mortgage deduction will be recovered from July 2024.	Resolved	To be effected in December 5, 2024.

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

	<p>more than 10 months before being remitted to the Fund's bank accounts. This is contrary to Section 19(4) of the Employment Act, 2(707 which states that an employer who deducts an amount from an employee's remuneration in accordance with Sub-Section (1)(a), (f), (g) and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement court order or arbitration as the case may be.</p> <p>In the circumstances, the accuracy of the receivables balance of Kshs.9, 538,009 could not be confirmed. In addition, Management was in breach of the law</p>			
4.	<p>Inaccuracies in the Statement of Changes in Net Assets.</p> <p>The statement of changes in net assets reflects accumulated opening deficit balance as at 01 July, 2022 of Kshs.69, 093,736 that differed with the prior year closing balance of Kshs.69, 602,028 resulting to unreconciled variance of Kshs.508, 292. Further, the accumulated opening balance of Kshs.69, 093,736 differed with prior year audited balance of Kshs.70, 088,722 resulting to unreconciled variance of Kshs.994, 986.</p> <p>In addition, the statement reflects accumulated surplus closing balance of Kshs. 19,487,025 net of surplus for the year of Kshs.89,089,053 out of which Kshs.89,000,000 were in respect of capital fund transfers during the year under review, that have erroneously been reflected as receipts.</p> <p>In the circumstances, the accuracy and presentation and disclosures in the statement of changes in net assets could not be confirmed.</p>	<p>This resulted from an arithmetic error. The actual figure is Kshs (.69, 602,028) which is gotten after adjusting (-/69,608,346+6318). It was initially omitted.</p> <p>The surplus for FY 2023-2023 is Kshs 89,089,053 which lend to an accumulated surplus of Kshs 19,487,025. The 2023-2024 Surplus is Kshs 3,402,108 Leading to an accumulated surplus of Kshs 22,889,133</p>	Resolved	Resolved

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

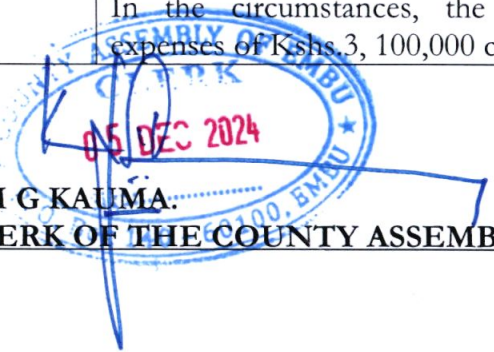
5.	<p>Inaccuracies in the Statement of Cash Flows</p> <p>The statement of cash flows reflects increase/decrease in receivables of Kshs.582, 616. However, the statement of financial positions reflects current and long-term receivables balance of Kshs.9,538,009 and Kshs.154,636,375 all totaling Kshs.164,174,384 against prior year comparative balance of Kshs.8,955,393 and Kshs.746,059 respectively all totaling Kshs.9,701,452 resulting to an increase of Kshs. 154,472,932 that is at variance with statement of cash flows amount resulting to unreconciled variance of Kshs.153,890,316. Further, the statement of cash flow also reflects comparative amounts that differed with prior year audited amounts as detailed below;</p> <table border="1" data-bbox="392 810 1220 1382"> <thead> <tr> <th></th> <th>Financial statements (Kshs)</th> <th>Prior year audited financial statements (Kshs)</th> <th>Variance (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Cash flow from operating activities</td> <td>6,318</td> <td>0</td> <td>6,318</td> </tr> <tr> <td>Net c/flow from operating activities</td> <td>(5,123,769)</td> <td>(9,773,975)</td> <td>4,650,206</td> </tr> <tr> <td>Net c/flow from investing</td> <td>42,937,575</td> <td>47,819,780</td> <td>(4,882,205)</td> </tr> </tbody> </table>		Financial statements (Kshs)	Prior year audited financial statements (Kshs)	Variance (Kshs)	Cash flow from operating activities	6,318	0	6,318	Net c/flow from operating activities	(5,123,769)	(9,773,975)	4,650,206	Net c/flow from investing	42,937,575	47,819,780	(4,882,205)	<p>As indicated in note 8 of the audited financial Kshs 9,538,009 –Receivables from exchange transaction are short term receivables payable within a short time and long-term receivables of Kshs 154,636,375 are in note 9 which are loan balances indicated in negative in the cash flow because they were issued out. Prior year adjustment were used to correct carrying amounting the 2021/2022 adjusted financial statement. The figure of Kshs 42,937,575 was corrected instead Kshs 47,819,780 had been erroneously been stated. Annex 5 (1) cash flow statement for financial year 2021/2022.</p>	Resolves	Resolved
	Financial statements (Kshs)	Prior year audited financial statements (Kshs)	Variance (Kshs)																	
Cash flow from operating activities	6,318	0	6,318																	
Net c/flow from operating activities	(5,123,769)	(9,773,975)	4,650,206																	
Net c/flow from investing	42,937,575	47,819,780	(4,882,205)																	

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

	<table border="1"> <tr> <td>Prior year adjustment</td> <td>(231,999)</td> <td>0</td> <td>(231,999)</td> </tr> </table>	Prior year adjustment	(231,999)	0	(231,999)			
Prior year adjustment	(231,999)	0	(231,999)					
	<p>In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.</p>							
6.	<p>Overstatement of Insurance Expense Amount The statement of financial performance and as disclosed in Note 4 to the financial statements reflects use of goods and services amount of Kshs.3,101,200 comprising of insurance cost of Kshs.3,100,000 and bank charges of Kshs.1,200. However, the insurance cost of Kshs. 3, 100,000 relate to deductions made from the Members of County Assembly. Further, no invoice or policy document was provided for audit. In addition, the award letter and professional opinion tender sum of Kshs.2,542,650 for provision of car loan and mortgage insurance cover is in variance with the financial statement amount resulting to unreconciled variance of Kshs.557,350.</p> <p>In the circumstances, the accuracy of the insurance expenses of Kshs.3, 100,000 could not be confirmed</p>			<p>The auditor's observations were true, this variance was as a result of some loans that were issued much later after majority of members had taken their loan. Members who took their loans later had not been included in the previous cover. The unpaid balance has since been paid and all loans are now fully insured.</p>	Resolved	Resolved		

JIM G KAUMA
CLERK OF THE COUNTY ASSEMBLY



County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

ANNEX 2: TRIAL BALANCE

COUNTY ASSEMBLY OF EMBU CAR & MORTGAGE (MEMBERS) SCHEME FUND TRIAL BALANCE AS AT 30TH JUNE, 2024		
Description	Kshs.	Kshs.
Non-Current Receivable Member Scheme – (Loan Balances)	117,624,632	-
Transfer to County Assembly Operations Account	26,318,715	-
Bank Balances	34,708,115	-
Management Fee	241,286	-
Current Portion of Receivables from Exchange Transaction	10,557,982	-
Car & Mortgage (Staff) Scheme Fund Loan	2,000,000	-
Bank Charges	112,725	-
Committee Allowances	618,100	-
Revolving Fund 30 th June 2024	-	165,000,610
Accumulated Surplus/Deficit	-	19,487,025
Accounts Payable	-	225,222
Prior Year Adjustment	-	3,335,765
Interest Income	-	4,132,933
	192,181,556	192,181,555

Annex 3

COUNTY ASSEMBLY OF EMBU CAR & MORTGAGE (MEMBERS) SCHEME FUND BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2023-2024			
DETAILS	Note	2023-2024	2022-2023
Receipts			
		Kshs.	Kshs.
Interest Income	1	4,250,000	4,700,000
Total Receipts		4,250,000	4,700,000
Expenses			
Use of Goods	2	820,000	1,100,000
Total Expenses		820,000	1,100,000
Surplus/Deficit		3,430,000	3,600,000

County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund
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Annex 4: Budget Notes

1.	Interest Income		
	Period	Kshs	
	July 2024	486,800	
	August 2024	478,900	
	September 2024	466,800	
	November 2024	464,900	
	December 2024	457,400	
	January 2025	386,900	
	February 2025	380,600	
	April 2025	378,900	
	May 2025	375,800	
	June 2025	373,000	
		4,250,000	
2.	USE OF GOODS		
	Committee Allowances	685,000	
	Bank Charges	135,000	
	Period	820,000	

Annex 5 : JOURNAL ENTRIES

3.	JOURNAL ENTRIES	KSHS	KSHS
		DR	CR
	Accumulated surplus/Deficit account	3,335,765	
30/06/2023	Suspense Account		3,335,765
	Being an error where the figure of deficit was carried from financial year 2020-2021 as 66,759,274 instead of 70,095,039 in the FY 2021-2022 and also in Fy 2022-2023 thereby under stating the Statement of Net Assets. I.e.(70,095,039-66,759,274)		
		<u>3,335,765</u>	<u>3,335,765</u>
30/06/2024	Suspense Account	3,335,765	
	Accumulated surplus/Deficit account		3,335,765
	Being correction of the under stated accumulated surplus/ deficit figure carried down as 66,759,274 instead of 70,095,039 from the Fy 2022-2023. I.e.(70,095,039-66,759,274)		
		<u>3,335,765</u>	<u>3,335,765</u>