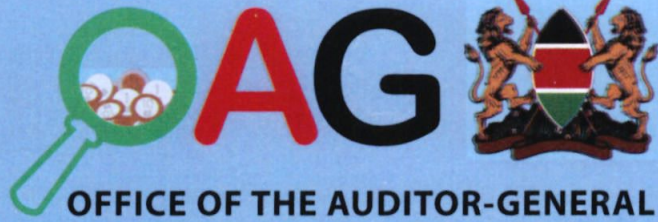
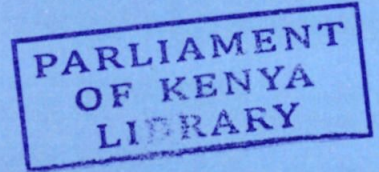


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**NYAMIRA COUNTY MORTGAGE & CAR LOAN
(EXECUTIVE) FUND**

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

PAPERS LAID	
DATE	A/3/2025
TABLED BY	Deputy Majority Whip
COMMITTEE	
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NYAMIRA COUNTY EXECUTIVE MORTGAGE AND CAR LOAN SCHEME FUND

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

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

Nyamira County Executive Mortgage and Car Loan 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

CECM	County Executive Committee Member
CPA	Certified Public Accountant
FX	Foreign Exchange
ICPAK	Institute of Certified Public Accountant
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
KERRA	Kenya Rural Roads Authority
NT	National Treasury
OAG	Office of Auditor General
PACDU	Public Administration and Coordination of decentralized Units
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SAGA	Semi- Autonomous Government Agency
SC	State Corporation
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management - The key management personnel who had financial responsibility.

Comparative Year- Means the prior period.

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

Nyamira County Executive Mortgage and Car Loan Scheme Fund (hereafter referred to as *the Fund*) was established under the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 on May 30, 2015. The Fund is wholly owned by Nyamira County Executive and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The fund administrator is responsible for the day-to-day operations.

The Fund's objectives are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

c) Fund Administration Committee

Ref	Name	Position
1	Dr Geoffrey Nyakoe	Chairperson
2	Jones Omwenga	Committee Member
3	Alice Manoti	Committee Member
4	Bernard Maina	Committee Member
5	CPA Dr Asenath Maobe	Fund Administrator

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Fund and Information Management (Continued)

d) Key Management

Ref	Name	Position
1	Dr Geoffrey Nyakoe	Chairperson
2	CPA Dr Asenath Maobe	Fund Administrator
3	CPA Jemima Abuga	Head of Treasury Accounting Services
4	CPA Rael Nyandika	Fund Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Ann Nyanchama Ong'era

f) Registered Offices

P.O. Box 434 - 40500
Nyamira County Building
Off Kisii – Chemosit Road
Nyamira, Kenya.

g) Fund Contacts

Telephone: (254)-0738727272, 0735232323
E-mail: info@nyamira.go.ke
Website: www.nyamira.go.ke

h) Fund Bankers

Equity Bank
Nyamira Branch
P.O. Box
Nyamira, Kenya.

Key Fund and Information Management (Continued)

i) Independent Auditor

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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney

Erastus Orina,
The Honorable County Attorney,
P.O. Box 434-40500,
Nyamira,
Kenya.

3. Fund Administration Committee

 <p><i>Dr Geoffrey Nyakoe</i> CECM: Finance and Economic Planning and Chairperson, Mortgage & Car Loan Scheme Fund Management Committee <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p><i>Academic Qualifications</i> Dr Geoffrey Nyakoe holds a PHD in Human Resource Management</p> <p><i>Professional experience</i> He has worked as a consultant in strategic management, organizational development and social economic development. He has previously lectured at the University of Nairobi and Jomo Kenyatta University of Agriculture and Technology. The working experience spanning over 15 years in both the public and private sectors.</p>
 <p><i>Mr. Jones Moko Omwenga</i> CECM: Transport, Roads and Public Works and Member, Mortgage & Car Loan Scheme Fund Management Committee <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p><i>Academic Qualifications</i> Mr. Jones Moko Omwenga is from Itibo ward, Nyamira North sub-county. In his educational sojourn, he has attained a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p><i>Professional Experience</i> In the County Government of Nyamira, he has previously served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively. Currently he serves as a the County Executive Committee member for Transport, Roads and Public Works</p>



Mrs Alice Manoti
CECM: Agriculture, Livestock & Fisheries
and Member, Mortgage & Car Loan Scheme
Fund Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic qualifications

Mrs Alice Manoti is a graduate of Egerton University.

Professional qualifications

Mrs. Manoti has vast experience in the public service sector spanning close to 30 years. She has worked in Kisii county formerly Kisii district where she rose to the rank of DLPO then later was assigned to head a KAPPAP world bank project at Ogembo.

In the County Government of Nyamira, she has previously worked as a chief officer for water and sanitation department, PSM department (formerly Public Administration and Coordination of decentralized Units (PACDU) and Transport, Roads and Public Works department.



Mr Bernard Maina
CECM: Trade, Tourism, Industry and
Cooperative Development and Member,
Mortgage & Car Loan Scheme Fund
Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Mr. Bernard Maina holds a Bachelor of Science (BSC) degree from the University of Nairobi and professional Certificate in Retail Banking from Retail Banking Academy International.

Professional Experience

He is skilled in Business Development, Customer experience, Relationship building and Management, Credit origination and analysis SME banking, Foreign Exchange (FX) and Operations risk management.



CPA Dr Asenath Maobe
Chief Officer, Planning, Budgeting and
Resource Mobilization, Ag. Chief Officer,
Finance & Accounting Services and Fund
Administrator,
Mortgage & Car Loan Scheme Fund
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

CPA Dr Asenath Maobe holds a Ph.D. in Finance, MBA in Finance, a postgraduate Degree in International Education Policy, Leadership and Management and a Bachelor of Commerce – Accounting (Hons).

Professional Experience

CPA Dr Maobe is a certified Public Accountant (CPA) of Kenya and a member of the Institute of Certified Public Accountants of Kenya - ICPAK in good standing (membership number 22934). She has over fifteen years strong interdisciplinary experience in; Administration, Research, Gender works, Operational risk management, Accounting, Auditing, Training, Education, Education policy, Investment banking, Budgeting and Leadership.

4. Management Team



Dr Geoffrey Nyakoe
CECM: Finance and Economic Planning and
Chairperson, Mortgage & Car Loan Scheme
Fund Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Dr Geoffrey Nyakoe holds a PHD in Human Resource Management

Professional experience

He has worked as a consultant in strategic management, organizational development and social economic development.

He has previously lectured at the University of Nairobi and Jomo Kenyatta University of Agriculture and Technology. The working experience spanning over 15 years in both the public and private sectors.



CPA Dr Asenath Maobe
Chief Officer, Planning, Budgeting and
Resource Mobilization, Ag. Chief Officer,
Finance & Accounting Services and Fund
Administrator,
Mortgage & Car Loan Scheme Fund
NYAMIRA COUNTY EXECUTIVE

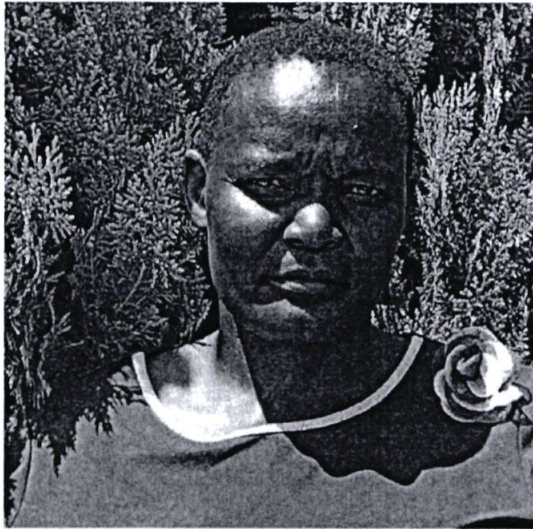
Academic Qualifications

CPA Dr Asenath Maobe holds a Ph.D. in Finance, MBA in Finance, a postgraduate Degree in International Education Policy, Leadership and Management and a Bachelor of Commerce – Accounting (Hons).

Professional Experience

CPA Dr Maobe is a certified Public Accountant (CPA) of Kenya and a member of the Institute of Certified Public Accountants of Kenya - ICPAK in good standing (Membership number 22934).

She has over fifteen years strong interdisciplinary experience in; Administration, Research, Gender works, Operational risk management, Accounting, Auditing, Training, Education, Education policy, Investment banking, Budgeting and Leadership.



CPA Jemimah Abuga
Head of Treasury Accounting Services
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

CPA Jemimah Abuga is the Head of Accounting Services. She holds a Bachelor of Commerce degree with a bias in Accounting and Auditing from Jomo Kenyatta University of Agriculture and Technology.

Professional Experience

CPA Abuga is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. (Membership number 12842).

She has a working experience in the Public Sector spanning over 33 years having raised from Clerical Officer, to a Chief Accountant and now the position of the Head of Treasury Accounting Services.

5. Fund Chairperson's Report

During the financial year 2015/2016, the County created a revolving mortgage and car loan scheme fund by the name Nyamira County Executive Mortgage and Car Loan Scheme Fund to provide a loan scheme for the purchase of cars and purchase, development, renovation or repair of residential property by members of the scheme (Executive Committee Member or County Public servant). The loans issued to each County Executive Committee Member would be repayable within the term in office of the office bearers at an interest rate of three (3) Per cent per annum on reducing balance.

Upon operationalization of the Fund in August 2015 an initial capital of the fund of Kshs. 52,500,000 was appropriated and injected from the County Treasury. In the financial year ended June 30, 2023, Ksh. 70,000,000 was appropriated and injected to the Fund Capital and during the financial year under review, a further Kshs. 25,000,000 injected into the revolving fund capital. The Fund Capital by the end of the financial year was Kshs. 147,500,000.

For the financial year under review, the Fund recorded a surplus of Kshs. 3,347,719 up from a surplus of Kshs. 647,720 reported in the comparative year. Total assets of Kshs. 149,790,296 were reported during the year under review, up from Kshs. 121,442,577 reported in the comparative year.

Since inception of the Fund, only County Executive officers at top senior management positions have benefited from the Fund. The Loans Management Committee is currently in the process of cascading accessibility to the Fund by other County executive officers. This will however, be done in stages as dictated by availability of funds.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30th June 2024.



Dr Geoffrey Morara Nyakoe
CHAIRPERSON – MORTGAGE LOANS MANAGEMENT COMMITTEE

6. Report of The Fund Administrator

Section 19 (d) of the Nyamira County Executive Mortgage and Car Loan Scheme Fund Regulations, 2015 provides that the Administrator of the Fund shall prepare, sign and transmit to the Auditor General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act.

In the year under review, the Fund recorded a surplus of Kshs. 3,347,719 by netting total expenditure of Kshs. 313,245 against total revenue of Kshs. 3,660,964. An initial outlay of Kshs. 52,500,000 was appropriated and injected from the County Treasury during the 2015/16 financial year. In the financial year ended June 30, 2023, Ksh. 70,000,000 was appropriated and injected to the Fund Capital and during the financial year under review, a further Kshs. 25,000,000 injected into the revolving fund capital. With the accumulated surplus of Kshs. 2,011,676 the Fund recorded total net assets of Kshs. 149,511,676.

During the year under review, loan disbursements totalling to Kshs. 50,381,118 were done to scheme members. Principal loan recoveries of Kshs. 22,157,449 were made. The Fund ended up with Ksh 21,469,756 in cash and cash equivalents and receivables of Kshs. 128,320,542; being Kshs. 123,738,956 and Kshs. 4,581,586 from exchange transactions and non-exchange transactions respectively.

Widening of the scope of membership to the fund for the benefit of the other County Executive public officers is yet to be attained. As such, the scheme does not enjoy the advantage of economies of scale on interest income earned which forms the largest portion of revenue from exchange transactions.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30th June 2024.



CPA Dr Asenath Maobe
FUND ADMINISTRATOR

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

Introduction

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

The key development objectives of the Fund are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Nyamira County Executive Mortgage scheme fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.	Increased home ownership by the scheme members	Amount of mortgage loans advanced to scheme members	In FY 2023/2024 Nyamira county executive through the Mortgage scheme fund advanced Ksh. 50,381,118 as new loans to the scheme members
Nyamira County Executive Car Loan Scheme fund	To provide a loan scheme for the purchase of vehicles by members of the scheme.	Increased car ownership by the scheme members	Amount of car loans advanced to scheme members	In FY 2023/2024 Nyamira county executive never advanced car loans to its scheme members

8. Corporate Governance Statement

After the August 2017 general election that saw the re-election of the governor, H.E. John Obiero Nyagarama to office, ten County Executive Committee members (CECMs) were appointed to office for a two years term with effect from November 1, 2017. One of the appointed CECMs resigned. After expiry of the first two years term, the remaining nine CECMs were reappointed and held office until December 2020 upon the unfortunate demise of Governor John Obiero Nyagarama. H.E. Amos Nyaribo took over as the new County Governor on 29th December 2020. The 9th August 2022 General Elections resulted to the re-election of H.E. Amos Nyaribo to office. The governor thereafter appointed ten County Executive Committee members. Four of these CECMs plus the County Chief Officer for Finance and Accounting Services were appointed by H.E. the governor to the Mortgage Loans Management Committee as appears in the Fund Administration Committee section on page vii. This Mortgage Loans Management Committee co-opted the honourable County Attorney to the Committee.

9. Management Discussion and Analysis

During the year under review, the Fund recorded a surplus of Kshs. 3,347,719 up from a surplus of Kshs. 647,720 reported in the comparative year. The fund disbursed mortgage loans worth 50,381,118 and recorded principal loan recoveries of Kshs. 22,157,449. Currently, only County Executive officers at top senior management positions benefit from the Fund. The management tabled a proposal to widen the scope of membership to the fund for the benefit of the other County Executive officers before the County assembly. The proposal is under consideration by the said oversight body. Once this proposal is passed, the management expects to record more interest which is the major source of income from exchange transactions. This will in turn improve the financial performance of the fund and ensure its sustainability.

The management, from time to time, seeks to have enabling regulations governing the fund's operations and is committed to ensure strict adherence to the set fund regulations in furtherance of compliance with statutory requirements.

10. Environmental and Sustainability Reporting

The Nyamira County Executive Mortgage and Car Loan Scheme Fund exist to transform lives. This is the Fund's purpose; the driving force behind everything it does. It's what guides the Fund to deliver its strategy, putting the customer/Citizen first, delivering relevant services, and improving operational excellence.

During the financial year under review, the Fund did not engage in any activity that foster environmental and Sustainability engagement. The fund, however, intends to start engaging in activities that promote sustainability upon widening the scope of the Scheme to cover more members.

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

The Mortgage Loans Management Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Entity are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

Performance

The results of the Fund for the year ended June 30, 2024, are set out on page 1

Mortgage Loans Management Committee

The members of the Mortgage Loans Management Committee who served during the year are shown on page vii. During the year no member retired/ resigned and the members co-opted the Honourable County Attorney to the committee.

Auditors

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

By Order of the Mortgage Loans Management Committee


.....

Dr Geoffrey Morara Nyakoe
CHAIRMAN – MORTGAGE LOANS MANAGEMENT COMMITTEE

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. 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.

Nyamira County Executive Mortgage and Car Loan 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. 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 September 30, 2024 and signed on its behalf by:

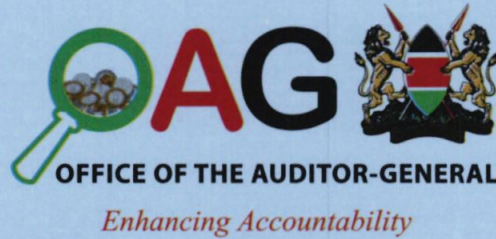


CPA Dr Asenath Maobe

FUND ADMINISTRATOR

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY MORTGAGE & CAR LOAN (EXECUTIVE) FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyamira County Mortgage & Car Loan (Executive) Fund set out on pages 1 to 24, which comprise the statement of

Report of the Auditor-General on Nyamira County Mortgage & Car Loan (Executive) Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyamira County Mortgage & Car Loan (Executive) Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Non-Performing Loans

The statement of financial position together with Note 4 to the financial statements reflects current receivables from exchange transactions balance of Kshs.57,229,124. Included in this balance is an amount of Kshs. 25,844,051 in respect of outstanding loans owed by eleven (11) former employees of the County Government of Nyamira and which had remained unrepaid for periods ranging from three to seven years. Records available indicate that the management had instituted legal proceedings against the loan defaulters in the Nyamira Magistrate's Court. However, at the time of audit the cases had not been concluded and the loans remained unpaid.

In the circumstances, the recoverability of the long outstanding mortgage arrears of Kshs.25,844,051 was doubtful.

2. Unsupported Loan Disbursements

The statement of cash flows reflects an amount of Kshs.50,381,118 in respect of loans issued out to fourteen (14) members of staff during the year. However, the loan applications were not supported with the requisite documents including approved copies of the proposed residential property, bills of quantities in respect of the proposed development and official search of the title to the property to be purchased or developed as required by Regulation 11 (1) of the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015. Management acknowledged this anomaly and expressed commitment to ensure full compliance with the provisions of the Regulations.

In the circumstances, the accuracy and completeness of the loan disbursements could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nyamira County Mortgage & Car Loan

Report of the Auditor-General on Nyamira County Mortgage & Car Loan (Executive) Fund for the year ended 30 June, 2024

(Executive) Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Register Charges on Securities

Review of the supporting records of the loans disbursed out during the year revealed that the Fund Management had not registered charges on the loan disbursed of Kshs.50,381,118 contrary to Regulation 16 of the Public Finance Management (Nyamira

County Executive Mortgage Scheme Fund) Regulations, 2015 which requires that the Board shall have a charge registered on the property financed through a loan granted under these Regulations and shall be entitled to have its name entered in all documents of title for such property. Although Management later provided copies of official search for charged properties, the registration of the charges, if carried out, was done after the end of the financial year under review.

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

The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024


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

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	1	3,660,964	1,292,430
Total revenue		3,660,964	1,292,430
Expenses			
Use of goods and services	2	313,245	644,710
Total expenses		313,245	644,710
Surplus/(deficit) before tax		3,347,719	647,720
Taxation		-	-
Surplus/ (Deficit) after Tax		3,347,719	647,720


(The notes set out on pages 13 to 21 form an integral part of these Financial Statements)



Dr Geoffrey Nyakoe
 Chairperson of the Fund



CPA Dr Asenath Maobe
 Fund Administrator
 ICPAK M/No 22934




CPA Rael Nyandika
 Fund Accountant
 ICPAK M/No 15865

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

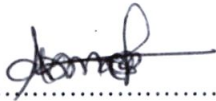
15. Statement of Financial Position As at 30 June 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	3	21,469,756	24,759,013
Current Portion of Long- Term Receivables from exchange transactions	4	57,229,124	39,322,992
Receivables from non-exchange transactions	5	4,581,586	2,155,586
Total Current Assets		83,280,466	66,237,591
Non-current assets			
Long Term Receivables from exchange transactions	4	66,509,832	55,204,988
Total Non-Current Assets		66,509,832	55,204,988
Total assets (A)		149,790,296	121,442,577
Liabilities			
Trade and other payables	6	278,620	278,620
Total Current Liabilities		278,620	278,620
Non- current liabilities			
Total liabilities (B)		278,620	278,620
Net Assets (A-B)		149,511,676	121,163,957
Represented By:			
Revolving fund		147,500,000	122,500,000
Accumulated surplus/Deficit		2,011,676	(1,336,043)
Net Assets		149,511,676	121,163,957


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on September 30, 2024 and signed by:



Dr Geoffrey Nyakoe
Chairperson of the Fund



CPA Dr Asenath Maobe
Fund Administrator
ICPAK M/No 22934



CPA Rael Nyandika
Fund Accountant
ICPAK M/No 15865

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
Balance As at 1 July 2022	52,500,000	(1,983,763)	50,516,237
Surplus/(deficit) for the period	-	647,720	647,720
Funds received during the year	70,000,000	-	70,000,000
Transfers	-	-	-
Balance As at 30 June 2023	122,500,000	(1,336,043)	121,163,957
Balance as at 1 July 2023	122,500,000	(1,336,043)	121,163,957
Surplus/(deficit) for the period	-	3,347,719	3,347,719
Funds received during the year	25,000,000	-	25,000,000
Transfers			
Balance As at 30 June 2024	147,500,000	2,011,676	149,511,676

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest received	1	2,673,656	638,060
Other Receipts	5	8,765,000	5,025,600
Total receipts		11,438,656	5,663,660
Payments			
Employee costs			
Use of goods and services	2	313,245	644,710
Other payments	5	11,191,000	4,000,000
Total payments		11,504,245	4,644,710
Net cash flow from operating activities	10	(65,589)	1,018,950
Cash flows from investing activities			
Purchase of PPE and intangible assets			
Proceeds from sale of PPE			
Proceeds from loan principal repayments	7	22,157,449	13,159,289
Loan disbursements paid out	8	(50,381,118)	(76,968,770)
Net cash flows used in investing activities		(28,223,669)	(63,809,481)
Cash flows from financing activities			
Receipts into the mortgage revolving fund	9	25,000,000	70,000,000
Net cash flows used in financing activities		25,000,000	70,000,000
Net increase/(decrease) in cash and cash equivalents		(3,289,257)	7,209,469
Cash and cash equivalents at 1 July	3	24,759,013	17,549,544
Cash and cash equivalents at 30 June	3	21,469,756	24,759,013

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Interest income	3,700,000	-	3,700,000	3,660,964	39,036	99%
Total Revenue	3,700,000	-	3,700,000	3,660,964	39,036	99%
Expenses						
Use of goods and services	345,000	-	345,000	313,245	31,755	91%
Expenditure	345,000	-	345,000	313,245	31,755	91%
Surplus for the period		-		3,347,719		
Capital Expenditure	-	-	-	-	-	

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nyamira County Executive Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. The Fund is wholly owned by Nyamira County Executive and is domiciled in Kenya. The Fund's principal activity is to Process applications for loans in accordance with the set terms and conditions of borrowing.

2. Statement of Compliance and Basis of Preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption Of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards effective in the FY.

- 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: Leases	Applicable 1st January 2025 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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: 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.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. 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 for each period.

Dividends

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

b. Budget information

The original budget for FY 2023/2024 was approved by the Nyamira County Assembly on 28th June 2023. No subsequent revisions or additional appropriations were made to the approved budget. The Fund's budget is prepared on a different basis from 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.

c. 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.

d. Changes in accounting policies and estimates

The Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

e. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the County Executive Committee members, the County Chief Officers, the directors and senior managers.

f. 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 Equity Bank of Kenya at the end of the financial year.

g. Comparative figures

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

h. Events after the reporting period

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

i. Ultimate and Holding Fund

The Fund is established under The Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 under the Department of Finance ICT and Economic Planning. Its ultimate parent is Nyamira County Executive

j. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

6. Notes To The Financial Statements Continued

1 Interest Income

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Interest income received from mortgage loans	2,673,656	638,060
Interest income receivable from mortgage loans	987,307	654,370
Total Interest Income	3,660,964	1,292,430

Interest was charged at 3% per annum on reducing balance.

2 Use of Goods and Services

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Admin Expenses	306,900	636,000
Bank Charges	6,345	8,710
Total	313,245	644,710

3 Cash and Cash Equivalents

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Nyamira County Executive Mortgage Account	21,469,756	24,759,013
Total cash and cash equivalents	21,469,756	24,759,013

3(a) Detailed analysis of the cash and cash equivalents

	FY2023/2024	FY2022/2023
	KShs	KShs
Financial institution		
Mortgage and Car Loan Fund		
Equity Bank Account 0520278737966	21,469,756	24,759,013
Total	21,469,756	24,759,013

*Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024*

4 Receivables from exchange transactions

	FY2023/2024	FY2022/2023
Description	KShs	KShs
Current Receivables		
Interest Receivable	987,307	654,370
Current Loan Repayments Due	53,637,955	38,668,622
Other exchange debtors - Unremitted payroll deductions	2,603,862	-
Total Current Receivables	57,229,124	39,322,992
Non-Current Receivables		
Long Term Loan Repayments Due	66,509,832	55,204,988
Total Non-Current Receivables	66,509,832	55,204,988
Total Receivables From Exchange Transactions	123,738,956	94,527,980

5 Receivables from Non-Exchange transactions

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Total Receivables brought forward	2,155,586	1,129,986
Transfers (Receipts) From Nyamira County Executive	8,765,000	5,025,600
Transfers (Payments) To Nyamira County Executive	11,191,000	4,000,000
Total Receivables for Year	4,581,586	2,155,586
Ageing analysis (receivables from non-exchange transactions)		
Less than 1 year	4,581,586 (100%)	2,155,586 (100%)
Between 1-2 years		
Between 2-3 years		
Over 3 years		
Total	4,581,586	2,155,586

*Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024*

6 Trade and other payables

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Trade Payables	278,620	278,620
Total trade and other payables	278,620	278,620
Ageing analysis: (Trade and other payables)		
Under one year		
1-2 years	278,620 (100%)	278,620 (100%)
2-3 years		
Over 3 years		
Total	278,620	278,620

7 Proceeds From Principal Loan Repayments

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Proceeds From Principal Loan Repayments	22,157,449	13,159,289
Total Proceeds From Principal Loan Repayments	22,157,449	13,159,289

8 Loan Disbursements

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Loan Disbursements	50,381,118	76,968,770
Total Loan Disbursements	50,381,118	76,968,770

9 Receipts into the Mortgage Revolving Fund

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Receipts into the Mortgage Revolving Fund	25,000,000	70,000,000
Total Loan Disbursements	25,000,000	70,000,000

10. Net cash flows from operating activities

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	3,347,719	647,720
Adjusted for:		
Interest income	(987,307)	(654,370)
Working capital adjustments		
Increase in receivables	(2,426,000)	1,025,600
Net cash flow from operating activities	(65,589)	1,018,950

11. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables From Exchange Transactions-Car loans and mortgages	123,738,956	97,894,904	25,844,051	-
Receivables From Non-Exchange Transactions	4,581,586	4,581,586	-	-
Bank Balances	21,469,756	21,469,756	-	-
Total	149,790,297	123,946,246	25,844,051	-
At 30 June 2023				
Receivables From Exchange Transactions- Car loans and mortgages	94,527,980	72,065,268	22,462,712	-
Receivables From Non-Exchange Transactions	2,155,586	2,155,586	-	-
Bank Balances	24,759,013	24,759,013	-	-
Total	121,442,579	98,979,867	22,462,712	-

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

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

b) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2024				
Trade Payables	278,620	-	-	278,620
Total	278,620	-	-	278,620
At 30 June 2023				
Trade Payables	278,620	-	-	278,620
Total	278,620	-	-	278,620

c) Market risk

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

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

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

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

e) Capital risk management.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Revolving fund	147,500,000	122,500,000
Accumulated surplus (<i>Reserves</i>)	2,011,676	(1,336,043)
Total funds	149,511,676	121,163,957
Less: cash and bank balances	21,469,756	24,759,013
Net debt/(excess cash and cash equivalents)	128,041,920	96,404,944
Gearing	0%	0%

12. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

b) Related party transactions

i. Transfers from related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from related parties	8,765,000	2,000,000
Transfers to related parties	11,191,000	4,000,000

13. Events after the Reporting Period

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

14. Ultimate And Holding Entity

The Nyamira County Executive Mortgage and Car Loan Scheme Fund is a Fund under the sponsorship of Nyamira County Executive which is an Independent entity

15. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

No	Issue / Observations from Auditor	Management comments	Status	Timeframe
REPORT ON THE FINANCIAL STATEMENTS				
Basis for Opinion				
1	Variance Between the financial statements and Comparative balances	The variance was occasioned by a shift from the Indirect to the direct method of cash flows preparation/presentation as guided by the PSASB	Resolved	June 2024
2	Unsupported Interest Income	Relevant support documents including amortization schedules for loans issued indicating monthly principal and interest payments were presented to the Auditor	Resolved	June 2024
3	Unsupported Cash Withdrawals	This was interdepartmental borrowing which formed the receivables from non-exchange transactions. The supporting vouchers were presented to the Auditor	Resolved	June 2024
4	Inaccuracies in Receivables from Exchange Transactions	The unreconciled variance was explained to the Auditor and the amortization schedules for loans issued indicating monthly principal and interest payments were presented to the Auditor	Resolved	June 2024

*Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024*

5	Non-Performing Loans	The Loans Management Committee through the office of the Honourable County Attorney has instituted loan recovery measures	Unresolved	June 2025
6	Unsupported Disbursed Mortgage Loans	the management commits to ensure provision of all requisite documents for loan application and maintenance of mortgage protection policies and fire policies on all existing properties as a result of all the loans issued.	Unresolved	June 2025
7	Unsupported Receivables from Non-Exchange Transactions	The borrowings by the County Government have since been refunded	Resolved	June 2024
Key Audit Matters				
1.	Failure to Register Charges on Securities	The management has since, through the office of the honorable County Attorney, commenced the process of registering a charge on the properties used as securities	Resolved	June 2024
2	Non-Remittance of Fringe Benefit Tax	Fringe benefit tax, being an obligation of the employer (Nyamira County Executive) has since been paid	Resolved	June 2024
3	Lack of Approved Budget	The Approved Budget was presented to the Auditor	Resolved	June 2024

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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
Basis for Conclusion				
1.	Lack of Mortgage Protection Policy and Motor Insurance	The management has ensured the maintenance of mortgage protection policies on all the loans issued.	Resolved	June 2024



Dr CPA Asenath Maobe

**FUND ADMINISTRATOR - NYAMIRA COUNTY EXECUTIVE MORTGAGE & CAR LOAN
SCHEME FUND**

September 30, 2024

**Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Annex II: Inter-Fund Confirmation Letter A


Name of transferring entity: Nyamira County Executive Mortgage and Car Loan Scheme Fund

Name of beneficiary entity: Nyamira County Executive


Confirmation of amounts received by Nyamira County Executive as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Cheque no. 130/1/2	17/11/2023	1,465,000		1,465,000	Borrowing by Nyamira County Executive
Cheque no. 133	28/11/2023	760,000		760,000	
Cheque no. 134	29/11/2023	950,000		950,000	
Cheque no. 136/7/8, 140/1	22/12/2023	4,551,000		4,551,000	
Cheque no. 142	23/12/2023	150,000		150,000	
Cheque no. 143	28/12/2023	255,000		255,000	
Cheque no. 154/5	09/05/2024	1,530,000		1,530,000	
RTGS	12/06/2024	1,530,000		1,530,000	
Total		<u>11,191,000</u>		<u>11,191,000</u>	

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

Head of Accounts Department - Disbursing Entity:

Name: Dr CPA Asenath Maobe Sign  Date: September 30, 2024

Head of Accounts Department - Beneficiary Entity:

Name: CPA Jemimah Abuga Sign  Date: September 30, 2024

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Annex II: Inter-Fund Confirmation Letter B


Name of transferring entity: Nyamira County Executive

Name of beneficiary entity: Nyamira County Executive Mortgage and Car Loan Scheme Fund


Confirmation of amounts received by Nyamira County Executive Mortgage and Car Loan Scheme Fund as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RTGS	04/07/2023	2,300,000		2,300,000	Refund of Borrowing by Nyamira County Executive
RTGS	17/12/2023	1,465,000		1,465,000	
RTGS	02/02/2024	2,500,000		2,500,000	
RTGS	02/02/2024	2,500,000		2,500,000	
Total		8,765,000		8,765,000	

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

Head of Accounts Department - Disbursing Entity:

Name: CPA Jemimah Abuga Sign  Date: September 30, 2024

Head of Accounts Department - Beneficiary Entity:

Name: Dr CPA Asenath Maobe Sign  Date: September 30, 2024