

REPUBLIC OF KENYA

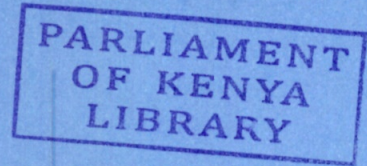


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

BARINGO COUNTY ASSEMBLY
(MEMBERS) CAR LOAN AND
MORTGAGE FUND

FOR THE YEAR ENDED
30 JUNE, 2024



**BARINGO COUNTY ASSEMBLY MEMBERS CAR LOAN &
MORTGAGE 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)**

Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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Baringo County Assembly Members Car Loan & Mortgage Fund
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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
LMC	Loans Management Committee

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Baringo County Assembly Members Car Loan & Mortgage Fund is established by and derives its authority and accountability from Public Finance Management (Baringo County Assembly Members Car Loan Scheme Fund Regulations 2014 and the Public Finance Management (Baringo County Assembly Members Mortgage Scheme Fund Regulations, 2018). The Fund is wholly owned by the County Assembly of Baringo and is domiciled in Kenya.

The fund's object and purpose is to provide a loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by members of the County Assembly as is prescribed by the Salaries and Remuneration Commission in their letter dated 27th November 2013.

b) Principal Activities

The Fund's principal activity is the provision of loans and mortgages to the Members of County Assembly and ensuring that loans advanced are recovered.

c) Loans Management Committee Members

Ref	Name	Position
1	Hon. Vincent Kemboi	Chairman
2	Hon. Lawi Tallam	Vice Chairman
3	Hon. Sam Lourien	Member
4	Hon. Benjamin Koech	Member
5	Hon. Ernest Tarus	Member
6	Jepkemoi Chemase	Fund Administrator
7	CPA Alfred Keitany	Director Finance & Accounting Services (ex-officio member)
8	Betty Toroitich	Legal Officer(ex-officio member)

d) Key Management Team

Ref	Name	Position
1	Jepkemoi Chemase	Clerk to the Assembly
2	CPA Alfred Keitany	Director Finance & Accounting Services
3	Betty Toroitich	Legal Officer

Baringo County Assembly Members Car Loan & Mortgage Fund
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Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Principal Internal Auditor	Kiprotich Kipsegerwo
2	County Public Accounts & Investments Committee	1.Hon. Mark Sialo- Chairperson 2.Hon. Clement Lomariongoria – Vice Chairperson 3. Hon. Ayub Serem – Member 4. Hon. Kennedy Kiprono – Member 5. Hon. Loice Kipseba – Member 6. Hon. Solomon Makal – Member 7. Hon. Linah Chebet – Member

f) Registered Offices

P.O. Box 159 -30400
 County Assembly Building
 Kabarnet – Iten Road
 Kabarnet, KENYA

g) Fund Contacts

Telephone: (254) 053-22115
 E-mail: baringocountyassembly@gmail.com
 Website: www.baringoassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000
 City Square 00200
 Nairobi, Kenya
2. Kenya Commercial Bank
 Kabarnet Branch
 P.O. Box 175-30400
 Kabarnet

Key Entity and Management (Continued)

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) Principal Legal Officer




County Assembly of Baringo,
P.O. Box 159-30400,
Kabarnet, Kenya.

**Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Loans Management Committee




Name	Details of qualifications and experience
 <p>1. Hon. Vincent Kemboi - The Speaker of the County Assembly (Chairperson)</p>	<p>Year of Birth: 1987 Key Qualifications:: An Advocate of the High Court of Kenya with wide experience in legal practice Work experience: Currently the Speaker, Baringo County Assembly</p>
 <p>2. Hon. Lawi Tallam - Leader of Majority Party to the County Assembly</p>	<p>Year of Birth: 1977 Key Qualifications: K.C.S.E Work experience : Currently Member, Baringo County Assembly</p>
 <p>3. Hon. Sam Lourien -Leader of Minority Party to the County Assembly</p>	<p>Year of Birth:1984 Key Qualifications: Diploma in Public Administration Work experience : Currently Member, Baringo County Assembly</p>
 <p>4. Hon. Benjamin Koech</p>	<p>Year of Birth:1974 Key Qualifications: K.C.S.E Work experience : Currently Member, Baringo County Assembly</p>
 <p>5. Hon. Ernest Tarus</p>	<p>Year of Birth:1977 Key Qualifications: Bachelor's Degree in Commerce Work experience : Currently Member, Baringo County Assembly</p>

**Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

 <p>6. Jepkemoi Chemase – Administrator of the Fund and Secretary to the Committee (Clerk to County Assembly)</p>	<p>Year of Birth:1976 Key Qualifications: Bachelor of Education Masters in Business Administration (Human Resource Management Option) Work experience: Currently Clerk to the County Assembly Administrator of the Fund and Secretary to the LMC Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022 Employee of the Teachers Service Commission: 1998 to 2013</p>
 <p>7. CPA Alfred Keitany the Director Finance & Accounting Services (ex-officio member)</p>	<p>Year of Birth:1983 Key Qualifications: MBA(Finance)- Catholic University of Eastern Africa Bachelor of Business Management(Accounting Option)- Moi University Work experience: Director Finance & Accounting Services, Baringo County Assembly-April 2020 to date Principal Accountant- Min. of Health(NASCOP)-2009-2020</p>
 <p>8. Betty Toroitich</p>	<p>Year of Birth:1986 Key Qualifications: Bachelor of Law Work experience : Currently Legal Officer, Baringo County Assembly Ex-Officio member</p>

**Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

Name	Details of qualifications and experience
 <p>Jepkemoi Chemase</p>	<p>Year of Birth:1976 Key Qualifications: Bachelor of Education Masters in Business Administration (Human Resource Management Option) Work experience: Employee of the Teachers Service Commission: 1998 to 2013 Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022 Currently Clerk to the County Assembly/ Administrator of the Fund and Secretary to the LMC</p>
 <p>CPA Alfred Keitany</p>	<p>Year of Birth:1983 Key Qualifications: MBA (Finance)-Catholic University of Eastern Africa. Bachelor of Business Management (Accounting Option)-Moi University. CPA(K) Work Experience: Principal Accountant-Min of Health (NASCO) 2009-2020. Currently Director Finance and Accounting Services, Baringo County Assembly Ex-Officio member</p>
 <p>Betty Toroitich</p>	<p>Year of Birth:1986 Key Qualifications: Bachelor of Law Work experience: Currently Legal Officer, Baringo County Assembly Ex-Officio member</p>

5. Loans Management Committee Chairperson's Report

It is my pleasure to present the Baringo County Assembly Members Car Loan & Mortgage Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the Fund over the past year.

(a) Car Loans loan and Mortgage recoveries

During the year ended 30th June 2024, car loans and mortgages of Ksh. 52,770,904 was recovered from the Members during the period.

(b) Surplus for the period

During the year ended 30th June 2024, the Fund realized a surplus of Ksh. 5,866,289 as compared to Ksh.4,037,478 during FY 2022/2023.

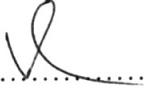
(c) Future Outlook of the Fund

All Members of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well.

(d) Conclusion

In conclusion, FY 2023/2024 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity. The Fund has been instrumental in facilitating the Members purchase motor vehicles and/or purchase or develop residential property to improve their welfare and enable them deliver on their mandate.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.

Name. Hon. Vincent Kamba Signature.  Date. 27/12/24

Chairperson of the Loans Management Committee

**Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Report of the Fund Administrator

It is my pleasure to present the Baringo County Assembly Members Car Loan & Mortgage Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the Fund over the past year.

The performance of the Fund can be summarized in the following major areas:

(a) Key Management Team

The Fund's key management team is comprised of the Fund Administrator, Director Finance and Accounting Services and the Legal Officer.

(b) Car Loans and Mortgages recoveries

Out of the total loans disbursed to date, Ksh. 52,770,904 was recovered from the Members during the period.

All loans are currently being recovered in full with no reported case of default.

(c) Surplus for the period

During the year ended 30th June 2024, the Fund realized a surplus of Ksh.5,866,289 as compared to Ksh.4,037,478 during FY 2022/2023. The interest income earned during the period amounted to Ksh.5,869,735 compared to Ksh.4,697,649 in FY while the expenses in the period were Ksh. 3,446 compared to Ksh.675,055 in FY 2022/2023.

(d) Future Outlook of the Fund

All Members of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well.


The Loans Management Committee has set up a loan revolving fund (mortgage) for Members matching their entitlement as per the Salaries and Remuneration Commission guidelines.

Conclusion

In conclusion, FY 2023/2024 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.

Name Jepkemoi Chemase

Signature  Date.....

Fund Administrator



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

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

The key objectives and purpose of the Fund as per the Regulations are to:

- a) Provide a loan scheme for the purchase of motor vehicles by Members of the County Assembly (MCAs) as may be prescribed by the Salaries and Remuneration Commission; and
- b) Provide a loan scheme for the purchase, development, renovation or repair of residential property by Members of the County Assembly (MCAs) as shall be determined by the Salaries and Remuneration Commission.

Progress on attainment of the Fund’s objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loan Fund	To provide a loan scheme for the purchase of motor vehicles by MCAs	Increased efficient and effective transport facilitation for the MCAs	% of MCAs advanced and fully repaying their car loans	In FY 23/24, 100 % of MCAs had been advanced and are fully repaying their car loans
Mortgage Fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by MCAs	Increased efficient and effective housing facilitation for the MCAs	% of MCAs advanced and fully repaying their mortgage loans	In FY 23/24, 100 % of MCAs had been advanced and are fully repaying their mortgage loans

Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

Baringo County Assembly consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The County Assembly (CA) is currently composed of 30 elected and 15 nominated members. The County Assembly is headed by the Speaker, who is elected by the MCAs.

The Loans Management Committee consist of the following members:

- (a) The Speaker of the County Assembly, who shall be the Chairperson to the committee;
- (b) Leader of Majority Party to the County Assembly;
- (c) Leader of Minority Party to the County Assembly;
- (d) One person appointed to the County Assembly Service Board under Section 12 (3) (d) of the County Government Act, 2012;
- (e) Two Members elected by members of the County Assembly, one representing either gender;
- (f) The County Assembly Head of Finance (ex-officio member);
- (g) The County Assembly Legal Officer (ex-officio member);
- (h) The County Chief Officer, Treasury and Economic Planning or his or her representative (ex-officio member) and
- (i) Administrator of the Fund who shall be the Secretary of the Committee appointed under regulation 7.

During financial year 2023-2024, the Loans Management Committee did not hold a meeting. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions. The quorum for a meeting of the Committee shall be Chairperson and any other three members.

The Committee administers the Fund by:

- (a) Processing applications for loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaising with the housing company (if any) to set up a revolving fund for the disbursements of the loans; and
- (c) Supervising the day-to-day running of the Fund.

The allowances payable to the Committee members are determined by the Salaries and Remuneration Commission.

The annual financial statements of the Fund are subject to audit by the Auditor- General.

9. Management Discussion and Analysis

The major risk facing the Assembly's Car Loan & Mortgage Fund is loan default in case of the death of a member. However, this risk has been mitigated by insuring all the members' loans for the benefit of the member of the scheme. This will ensure that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the Insurance Company.

Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All Car Loan & Mortgages granted to the Members are currently being recovered through the payroll check-off system from the members' monthly emolument. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight.

10. Environmental and Sustainability Reporting

1. Environmental performance

The County Assembly continues to provide leadership in environmental stewardship through approval/enactment of policies and legislations which provide a legislative framework to co-ordinate and finance climate change response through adaptation and mitigation measures within the County. Such policies/legislations include the Baringo County Climate Change Act, 2022, Baringo County Climate Change Policy 2021 as well as Baringo County Climate Change Regulation 2023.

2. Employee welfare

The County Assembly subscribes to the Public Service Commission Human Resource Policies and Procedures Manual for the Public Service, 2016 which stipulates that recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

The aforementioned Manual also provides for guidelines and standards for the prevention and protection of officers against accidents and occupational hazards arising at the work place. It also provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted during and outside the course of work.

The Assembly offers at least one training per year for each staff member as guided in the Staff Training Policy. Staff performance appraisal is carried out at the end of each financial year. The overall objective of the appraisal system is to manage and improve performance in the Assembly by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance.

3. Market place practices-

The County Assembly maintains good business practices by promoting competitive bidding when sourcing for goods, services and works. It also treats its own suppliers responsibly by honouring contracts and respecting payment practices.

4. Community Engagements

The County Assembly engages the community through public participation fora when making or implementing any public policy decisions so as to give effect to the principles of public participation as provided for in Articles 10(2), 118, 196, 201(a) and 232(1)(d) of the Constitution and to promote transparency and accountability in decision making.

11. Report of the Trustees

The LMC submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide a loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by members of the County Assembly as prescribed by the Salaries and Remuneration Commission.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 5.

Trustees

The members of the LMC who served during the year are shown on page vi to viii.

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 Board

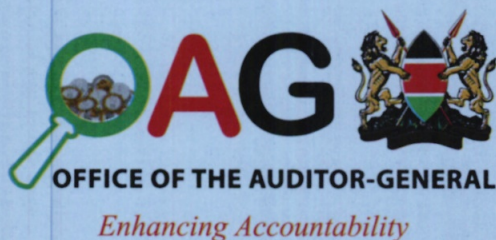


Chair of the Loans Management Committee

Date:

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY ASSEMBLY (MEMBERS) CAR LOAN AND MORTGAGE 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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Baringo County Assembly (Members) Car Loan and Mortgage Fund set out on pages 1 to 26, which comprise of the

Report of the Auditor-General on Baringo County Assembly (Members) Car Loan and Mortgage Fund for the year ended 30 June, 2024

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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Assembly (Members) Car Loan and Mortgage Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management, Baringo County Assembly (Members) Car Loan and Mortgage Fund Regulations, 2017 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Loan Disbursement Paid Out

The statement of cash flows reflects a loan disbursement paid out balance of Kshs.2,950,000, as disclosed in Note 10 to the financial statements. However, this amount was not supported by a detailed schedule showing the names and amounts of beneficiaries.

In the circumstances, the accuracy and completeness of loan disbursements paid out totalling Kshs.2,950,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Baringo County Assembly (Members) Car Loan and Mortgage 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 judgment, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and

Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board Templates.

Other Information

The Baringo County Assembly (Members) Car Loan and Mortgage Fund Committee and Management team are responsible for the other information set out on page iii to xvi which comprise of Key Entity Information and Management, Baringo County Assembly Members Car Loan and Mortgage Fund Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Report of The Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Baringo County Assembly (Members) Car Loan and Mortgage 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, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover 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, except for effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unsecured Car Loans and Mortgage

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.113,134,914 in respect of long-term receivables -car and mortgage loans as disclosed to Note. 5 to the financial statements. However, security documents by way of motor vehicle logbooks and title deeds for the properties financed by the Fund have not been jointly registered in the names of the Fund and beneficiaries. This was contrary to Regulation 17(3) of the Public Finance (Baringo County Assembly (members) Mortgage Scheme Fund) (Amendment) Regulations, 2019 which requires that

the Fund Administrator shall register a charge over the property financed by the money loaned from the Fund between the Member of the Scheme and Baringo County Assembly

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

2. Unauthorized Internal Borrowings

The statement of cash flow reflects loan advance to the County Assembly balance of Kshs.15,407,600 as disclosed in Note 11 to the financial statements. The statement of cash flow further reflects repayment of loan advance to the County Assembly balance of Kshs.15,407,600 as disclosed in Note 12 to the financial statements. However, loan transfer to the County Assembly was made contrary to Section 154.(1)(a) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall not authorize the transfer of an amount that is appropriated for transfer to another County Government entity or person.

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

3. Irregular Combinations of the Financial Statements

As previously reported, Baringo County Assembly (Members) Car Loans Scheme Fund Regulations, 2014 and Baringo County Assembly Members Mortgage Fund Regulations, 2018 are separate schemes of which Management ought to prepare separate financial statements. However, the Management has continued to prepare combined financial statements for Car Loan and Mortgage Scheme Fund.

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

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

REPORT ON THE 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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 are in compliance 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 overall 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 reflects 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

31 December, 2024

Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

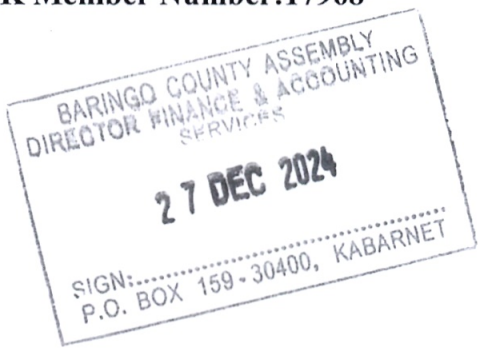
14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022-2023
		Kshs	Kshs
Revenue From Exchange Transactions			
Interest Income	1	5,869,735	4,697,649
Total Revenue		5,869,735	4,697,649
Expenses			
Use of goods and services	2	3,446	675,055
Total Expenses		3,446	675,055
Other Gains/Losses			
Gain/Loss on Settlement of Loans	3	-	14,884
Surplus/(Deficit) for the Period		5,866,289	4,037,478

(The notes set out on pages 17 to 25 form an integral part of these Financial Statements)

.....
Name: Jepkemoi Chemase
Administrator of the Fund

.....
Name: CPA Alfred Keitany
Director Finance & Accounting Services
ICPAK Member Number:17968



Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

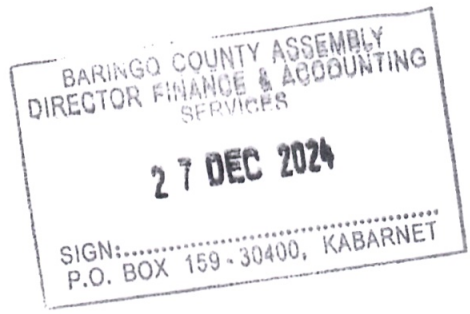
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Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

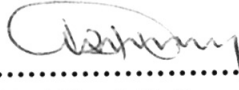
15. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023/2024	FY 2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	79,299,516	23,612,672
Current Portion of Long- Term Receivables From Exchange Transactions	5	54,075,617	52,738,522
Accounts Receivables	6	11,960	-
Total current assets		133,387,093	76,351,194
Non-Current Assets			
Long Term Receivables from Exchange Transactions	5	113,134,914	167,254,526
Total non- current assets		113,134,914	167,254,526
Total Assets (A)		246,522,007	243,605,720
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	7	2,250,000	5,200,000
Total current liabilities (B)		2,250,000	5,200,000
Net Assets (A-B)		244,272,007	238,405,720
Represented By:			
Revolving Fund		227,091,991	227,091,991
Accumulated Surplus		17,180,016	11,313,729
Net Assets		244,272,007	238,405,720

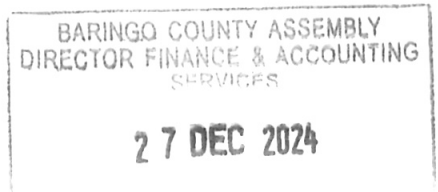
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/12/2024 and signed by:

.....


Name: Jepkemoi Chemase
Administrator of the Fund

.....


Name: CPA Alfred Keitany
Director Finance & Accounting Services
ICPAK Member Number:17968



Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	110,741,991	-	7,440,824	118,182,815
Surplus/(Deficit) For the Period	-	-	4,037,478	4,037,478
Funds Received During the Year	116,250,000	-	-	116,250,000
Capitalizing of last expense claim for the late David Rotich	100,000	-	-	100,000
Bad debts written off (Late Maccah Hamisi)	-	-	(164,573)	(164,573)
Balance As At 30 June 2023	227,091,991	-	11,313,729	238,405,720
Balance As At 1 July 2023	227,091,991	-	11,313,729	238,405,720
Surplus/(Deficit) For the Period	-	-	5,866,289	5,866,289
Funds Received During the Year	-	-	-	-
Balance As At 30 June 2024	227,091,991	-	17,180,018	244,272,009

**Baringo County Assembly Members Car Loan & Mortgage 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	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	1	5,869,386	4,697,649
Total receipts		5,869,386	4,697,649
Payments			
Use of goods and services	2	3,446	675,055
Total payments		3,446	675,055
Net cash flows from operating activities	8	5,865,940	4,022,594
Cash flows from investing activities			
Proceeds from loan principal repayments	9	52,770,904	37,163,604
Loan disbursements paid out	10	(2,950,000)	(244,190,000)
Net cash flows from investing activities		49,820,904	(207,026,396)
Cash flows from financing activities			
Loan advance to the County Assembly	11	(15,407,600)	-
Repayment of Loan advance to the County Assembly	12	15,407,600	-
Proceeds from revolving fund receipts	13	-	116,250,000
Receipt of last expense claim for the late David Rotich	14	-	100,000
Land/Property valuation fee	15	-	(60,000)
Car Loan/Mortgage Insurance	16	-	(2,250,000)
Net cash flows from financing activities		-	114,040,000
Net increase/(decrease) in cash & cash Equivalents		55,686,844	(88,963,802)
Cash and cash equivalents at 1 July		23,612,672	112,576,474
Cash and cash equivalents at 30 June		79,299,516	23,612,672

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement of Comparison of Budget and Actual Amounts for the Period ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Interest Income	5,965,390	-	5,965,390	5,869,735	95,655	98%
Total Income	5,965,390	-	5,965,390	5,869,735	95,655	98%
Expenses						
Fund Administration Expenses	3,672	-	3,672	3,446	226	94%
Surplus For the Period	5,961,718	-	5,961,718	5,866,289	95,429	98%

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Baringo County Assembly Members Car Loan & Mortgage Fund entity is established by and derives its authority and accountability from the Baringo County Assembly Members Car Loan Scheme Regulations, 2014 and the Baringo County Assembly Members Mortgage Scheme Fund Regulations, 2018. The entity is wholly owned by the Baringo County Government and is domiciled in Kenya. The entity’s principal activity is the provision of loans and mortgages to the Members of County Assembly and ensuring that loans advanced are recovered.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></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</p>

**Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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	<i>Applicable 1st January 2025</i> 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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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

Baringo County Assembly Members Car Loan & Mortgage Fund
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	transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

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

Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

4. 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 2023/2024 was approved by the County Assembly on 26th June, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Summary of Significant Accounting Policies (Continued)

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

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 property is measured at fair value with gains and losses recognised through surplus or deficit. + 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.

Baringo County Assembly Members Car Loan & Mortgage Fund
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Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Baringo County Assembly Members Car Loan & Mortgage Fund
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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

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

Baringo County Assembly Members Car Loan & Mortgage Fund
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payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Baringo County Assembly Members Car Loan & Mortgage Fund
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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.

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.

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

Baringo County Assembly Members Car Loan & Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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

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6. Notes to The Financial Statements Continued

1. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest Income from Car & Mortgage Loans-Cash Received	5,869,386	4,697,649
Interest Income from Car & Mortgage Loans- Receivable	349	-
Total Interest Income	5,869,735	4,697,649

Interest is charged on car loans & mortgages at 3% p.a. on a reducing balance basis.

2. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Committee Allowances	-	640,000
Bank Charges	3,446	35,055
Total	3,446	675,055

3. Gain on settlement of loans

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Gain on settlement of loans	-	14,884
Total	-	14,884

4. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Baringo County Assembly Members Car Loan & Mortgage Account	79,299,516	23,612,672
Total Cash And Cash Equivalents	79,299,516	23,612,672

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1152063324	79,299,516	23,612,672
Grand Total		79,299,516	23,612,672

5. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Receivables		
Current Loan Repayments Due	54,075,617	52,738,522
Total Current Receivables	54,075,617	52,738,522
Non-Current Receivables		
Long Term Loan Repayments Due	113,134,914	167,254,526
Total Non- Current Receivables	113,134,914	167,254,526
Total Receivables From Exchange Transactions	167,210,531	219,993,048

6. Accounts Receivables

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Underpaid Loan repayment	11,960	-
Total	11,960	-

7. Trade and other payables from exchange transactions

Description	FY 2023/2024		FY 2022/2023	
	FY	% of the	FY	% of the
Trade Payables (Mortgage loan due to Hon. Sharon Keter)	-		3,000,000	
Other Payables(Insurance premium & land valuation fees)	2,250,000		2,200,000	
Total Trade and Other Payables	2,250,000		5,200,000	
Ageing analysis (Trade and other	FY	% of the		% of the

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payables)	2023/2024	Total	FY 2022/2023	Total
Under one year	2,250,000	100%	5,200,000	100%
Total	2,250,000	100%	5,200,000	100%

8. Cash generated from operations.

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	5,866,289	4,037,478
Adjusted For:		
Gains/ Losses on settlement of loans	-	(14,884)
Working Capital Adjustments		
Increase in interest receivables	(349)	-
Net Cash Flow From Operating Activities	5,865,940	4,022,594

9. Proceeds from Principal Loan Repayments

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Principal Loan Repayments	52,770,904	37,163,604
Total	52,770,904	37,163,604

10. Loan disbursements paid out

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Loan disbursements paid out	2,950,000	244,190,000
Total	2,950,000	244,190,000

11. Loan advance to the County Assembly

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Loan advance	15,407,600	-
Total	15,407,600	-

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12. Repayment of Loan advance to the County Assembly

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Repayment of Loan advance	15,407,600	-
Total	15,407,600	-

13. Proceeds from revolving fund receipts

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Exchequer receipts	-	116,250,000
Total	-	116,250,000

14. Receipt of last expense claim for the late David Rotich

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Receipt of last expense claim for the for the late David Rotich	-	100,000
Total	-	100,000

15. Land/Property valuation fee

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Land/property valuation fee	-	60,000
Total	-	60,000

16. Car Loan & Mortgage Insurance

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Car Loan & Mortgage Insurance premium	-	2,250,000
Total	-	2,250,000

17. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The County Assembly;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2023/2024	FY 2022-2023
	Kshs	Kshs
Transfers From County Assembly Recurrent Account	-	116,250,000
Total	-	116,250,000

c) Key management remuneration

Description	FY 2023/2024	FY 2022-2023
	Kshs	Kshs
Loans Management Committee Sitting allowance	-	640,000
Total	-	640,000

18. 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

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its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	167,210,531	167,210,531	-	-
Bank Balances	79,299,516	79,299,516	-	-
Total	246,510,047	246,510,047	-	-
At 30 June 2023				
Receivables From Exchange Transactions	219,993,048	219,993,048	-	-
Bank Balances	23,612,672	23,612,672	-	-
Total	243,605,720	243,605,720	-	-

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs

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At 30 June 2024				
Trade Payables	-	2,250,000	-	2,250,000
Total	-	2,250,000	-	2,250,000
At 30 June 2023				
Trade Payables	-	5,200,000	-	5,200,000
Total	-	5,200,000	-	5,200,000

c) Market risk

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

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

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

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

i. Interest rate risk

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

Management of interest rate risk

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

d) Capital risk management.

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

Description	FY 2023/2024	FY 2022-2023
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	Kshs	Kshs
Revolving fund	227,091,991	227,091,991
Accumulated surplus	17,180,016	11,313,729
Total funds	244,272,007	238,405,720
Total borrowings	-	(23,612,672)
Less: cash and bank balances	(79,299,516)	(23,612,672)
Net debt/(excess cash and cash equivalents)	(79,299,516)	-
Gearing	(79,299,516)	(23,612,672)

19. Events after the reporting period

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

20. Ultimate and Holding Entity

The entity is a County Public Fund established by the Baringo County Assembly Members Car Loan Scheme Regulations 2014 and the Baringo County Assembly Members Mortgage Scheme Fund Regulations 2018 under the County Assembly of Baringo. Its ultimate parent is the County Assembly of Baringo.

21. Currency

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

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20. Annexes

Annex I: Progress on Follow up of Prior Year Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Variance in interest income balance	The issue has been corrected in the Statement of Financial Performance	Resolved	N/A
2.	Unsupported current portion of long-term receivables	The supporting schedule has been provided	Resolved	N/A
3.	Unsupported trade and other payables	The supporting schedule has been provided	Resolved	N/A
4.	Approved budget was not provided	The approved budget has been provided	Resolved	N/A
5.	Unresolved prior year matters	All the prior year matters have been resolved	Resolved	N/A

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator

Date.....

