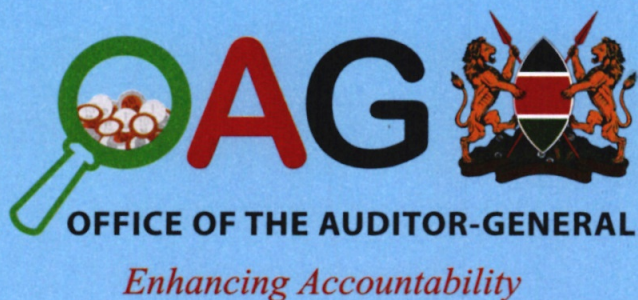


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

**MURANG'A COUNTY ASSEMBLY CAR
LOAN AND MORTGAGE SCHEME FUND**

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

PAPERS LAID	
DATE	27/3/24
TABLED BY	M/E
COMMITTEE	CPIC
CLERK AT THE TABLE	Angela

Revised 30th June 2023



**MURANG'A COUNTY ASSEMBLY CAR LOAN AND MORTGAGE
SCHEME FUND**

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

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



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

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
CASB	County Assembly Service Board
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
LSK	Law Society of Kenya
MCA	Member of County Assembly
PFM	Public Finance Management
PMP	Project Management Professional
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility.
Financial Year	The annual accounting period for which an institution's financial statements are prepared. In this case the financial year runs from July to June the following.
Mortgage	Refers to a type of loan used to purchase or maintain a home, land, or other types of real estate where the borrower agrees to pay the lender over time, typically in a series of regular payments that are divided into principal and interest.
Interest	Refers to interest charged on a loan used to purchase a piece of property. The amount of interest owed is calculated as a percentage of the total amount of the mortgage issued by the lender at a rate of 3 per cent per month.
Principal	Mortgage principal refers to the outstanding balance of your mortgage. Mortgage Principal is the amount borrowed from the lender, minus the amounts repaid to the lender, and which have been applied to the reduction of principal.

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

2. Key Entity Information and Management

a) Background information

Murang'a County Assembly Car loan and Mortgage (Members) and Murang'a County Assembly Car loan and Mortgage (Staff) Scheme Funds are established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017.

The Fund is wholly owned by the Murang'a County Assembly and is domiciled in Kenya.

The Fund's principal activity is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Johnson Mukuha, PMP	Chairperson
2	Hon. Simon Mwaura Wamwea	Vice Chairperson
3	Hon. Elizabeth Wambui Mwangi	Member
4	Monicah Wanjiku Kangiri	Member
5	Vincent Stephen Macharia Kabiru	Member
6	W. Kuria Thuita	Secretary/ Clerk , County Assembly

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

d) Key Management Steam

Ref	Name	Position
1	Hon. Simon Mwaura Wamwea	Chairperson
2	Hon. Francis Kibe Kamau	Vice Chairperson
3	Hon. Morris Thuku Gathoni	Member
4	Hon. Elizabeth Wambui Mwangi	Member
5	Hon. Laban Njaramba Chomba	Member
6	Hon. Chefman Isaac Njoroge	Member
7	W. Kuria Thuita	Clerk, County Assembly

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Chairperson Car & Mortgage Committee	Hon. Simon Mwaura Wamwea
2	Chairperson PIAC	Hon. Alex Ndunda Makau
3	Directorate Internal Audit	Mr. Edward Mungai

f) Registered Offices

Murang'a County Assembly
P.O. Box 731-10200
Murang'a- Kenya
Along Murang'a - Kiria-ini Road

g) Fund Contacts

Telephone:(254) 709802497
E-mail:
murangacountyassembly@gmail.com
Website: www.assembly.muranga.go.ke

h) Fund Bankers

1. **Central Bank of Kenya**
Haile Selassie Avenue
P.O. Box 60000-00200
NAIROBI, KENYA

2. **Kenya Commercial Bank**
Murang'a Branch
P.O. Box 112-10200
MURANG'A, KENYA

3. **Family Bank**
Murang'a Branch
P.O. Box 82-10200
MURANG'A, KENYA

i) Independent Auditors

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



j) Principal Legal Adviser

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

k) County Attorney

James Kamau Thuku,
Tel Number- +254720 930769
Email; kamathuku@gmail.com
P.o. Box 52-10200,
Murang'a County Government Head Office
MURANG'A, KENYA

3. Board of Trustees

PASSPORT PHOTO	PROFILE
 <p>Hon. Johnson Mukuha, PMP Speaker of the County Assembly and Chair of the Murang'a County Assembly Service Board.</p>	<p>Hon. Johnson Mukuha is the Speaker of the County Assembly and Chair of the Murang'a County Assembly Service Board.</p> <p>He holds an MBA and BBA in project management from Business School of Costa Rica. He also holds Certificate in Project Management from Strathmore University and a Bachelor of Architecture.</p> <p>He also holds a Diploma in project management from Cambridge Association of managers and Diploma in Theology from PCEA.</p> <p>Hon. Johnson Mukuha has over ten-years private practice expertise that has equipped him to handle societal challenges and resolve the same with great acumen to the satisfaction of the concerned.</p>
 <p>Hon. Simon Mwaura Wamwea MCA, Ng'araria Ward.</p>	<p>Hon. Simon Mwaura Wamwea is an elected Member of the County Assembly representing Ng'araria Ward. He is the Chairperson of the Members Loan Management Committee and also a Member of the Murang'a County Assembly Service Board.</p> <p>He holds Diploma in Theology and Management, and a Certificate in Computer Studies. He is a renowned businessman.</p> <p>He served as an elected Member of the County Assembly representing Ng'araria Ward for the period between 2017 and 2022. He also served as the Majority chief whip during the second Assembly.</p> <p>He was the former councillor representing Ng'araria under the defunct local government system and previously worked as a Member of the Community Development Fund in Gatanga Constituency, Murang'a County.</p>

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

 <p>Hon. Elizabeth Wambui Mwangi MCA Kimorori/Wempa</p>	<p>Hon. Elizabeth Wambui Mwangi is an elected Member of Murang'a County Assembly representing Kimorori/Wempa ward. She is a member of the Murang'a County Assembly Service Board and also a Member of the Members Loan Management Committee.</p> <p>She holds a Diploma in Community Development (Health Practitioner), Certificate in Leadership (East Africa Institute), Certificate in County Governance and is a Certified Digital Marketer.</p> <p>Hon. Elizabeth holds vast experience having been a Member of the Second County Assembly of Murang'a and the Vice Chair of the Trade and Industrialization Committee.</p> <p>She was the former councillor Makuyu under the defunct local authority and vice chair town council (Makuyu).</p>
 <p>Monicah Wanjiku Kangiri Member of the Board</p>	<p>Monicah Wanjiku Kangiri is a resident of Murang'a County and a Member of the County Assembly Service Board.</p> <p>She holds a Bachelor of Business Administration (Marketing) and a Diploma in Marketing Management.</p> <p>She has vast experience in Marketing and Finance having been a sales Executive-Kenya Nut Company Ltd, Sales Supervisor-Kenya Nut Company Ltd and a financial Advisor-Pan Africa Insurance.</p>
 <p>Vincent Stephen Macharia Kabiru Member of the Board</p>	<p>Vincent Stephen Macharia Kabiru is a resident of Murang'a County and a member of the County Assembly Service Board.</p> <p>He holds a Bachelors of Arts in Economics and Sociology.</p> <p>He has vast experience and knowledge in the Insurance Industry having been an Insurance Officer-Stallion Insurance Company Ltd and Branch Manager-Stallion Insurance Company Ltd.</p> <p>Vincent also previously served as a Marketing Manager, Corporate Insurance Company Ltd, General Manager/Principal Officer of Macly Insurance Brokers Ltd and Operations Director of Manap Ventures and Insurance Agency.</p>



**Mr. W. Kuria Thuita
Clerk of the County
Assembly**

Mr. W. Kuria Thuita is the Clerk of the County Assembly of Murang`a since September 15, 2020. He is the accounting officer, the Chief Executive Officer and the Secretary to the County Assembly Service Board. He is the Chief Advisor to the Speaker on Legislative procedures and practices.

He is an Advocate of the High Court of Kenya currently undertaking his Masters of Law, holds a Post Graduate Diploma in Law, a Bachelor of Laws and Diploma in Information Technology.

Mr. Kuria previously worked as Deputy County Secretary and Sub County Administrator at Murang`a County Government, Chief Administrative Officer and Assistant Administrator at Athi River Construction Company Limited and Credit Administrator at Equity Bank Limited.

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

4. Management Team

PASSPORT PHOTO	PROFILE
 <p>Hon. Simon Mwaura Wamwea MCA, Ng'araria Ward</p>	<p>Hon. Simon Mwaura Wamwea is an elected Member of the County Assembly representing Ng'araria Ward. He is the Chairperson of the Members Loan Management Committee and also a Member of the Murang'a County Assembly Service Board.</p> <p>He holds Diploma in Theology and Management, and a Certificate in Computer Studies. He is a renowned businessman.</p> <p>He served as an elected Member of the County Assembly representing Ng'araria Ward for the period between 2017 and 2022. He also served as the Majority chief whip during the second Assembly.</p> <p>He was the former councillor representing Ng'araria under the defunct local government system and previously worked as a Member of the Community Development Fund in Gatanga Constituency, Murang'a County.</p>
 <p>Hon. Francis Kibe Kamau, MCA Ithiru Ward, Leader of Majority Party</p>	<p>Hon. Francis Kibe Kamau is the Vice Chairperson of the Members Loan Management Committee. He is currently the Leader of Majority of Murang'a County Assembly.</p> <p>He holds of Bachelors of Commerce. He is also a Certified Public Accountant of Kenya (CPA-K). Has previously worked in management positions and as an accountant in various institutions.</p> <p>Hon. Francis Kibe served as an elected Member of the County Assembly for Ithiru ward for the period between 2017 and 2022. He was the chair of the Budget and Appropriation committee and a Member of the Finance, Liaison and Education Committees during the 2nd Assembly.</p>
 <p>Hon. Morris Thuku Gathoni</p>	<p>Hon. Morris Thuku Gathoni is an elected Member of the Murang'a County Assembly representing Kiru Ward since 2017. He is currently serving as the Chief whip and also a Member of the Loan Management Committee.</p> <p>He holds a Masters in Computer Science, Degree in computer engineering, Diploma in Computer Science and CPA I & II.</p> <p>Hon. Morris Thuku previously worked at Innovation Africa between 2008 and 2010 as the Chief Software Engineer. He is also the technical director of Opus Systems, a software company.</p>

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

<p>MCA Kiru Ward</p>	
 <p>Hon. Elizabeth Wambui Mwangi MCA Kimorori/Wempa</p>	<p>Hon. Elizabeth Wambui Mwangi is an elected Member of Murang'a County Assembly representing Kimorori/Wempa ward. She is a member of the Murang'a County Assembly Service Board and also a Member of the Members Loan Management Committee.</p> <p>She holds a Diploma in Community Development (Health Practitioner), Certificate in Leadership (East Africa Institute), Certificate in County Governance and is a Certified Digital Marketer.</p> <p>Hon. Elizabeth holds vast experience having been a Member of the Second County Assembly of Murang'a and the Vice Chair of the Trade and Industrialization Committee.</p> <p>She was the former councillor Makuyu under the defunct local authority and vice chair town council (Makuyu).</p>
 <p>Hon. Laban Njaramba Chomba MCA Kambiti Ward</p>	<p>Hon. Laban Njaramba Chomba is an elected Member of the County Assembly representing Kambiti Ward.</p> <p>He is a Member of the Members Loan Management Committee.</p> <p>He holds a Diploma in Sociology (Bridge Institution) and a Certificate in Computer Applications.</p> <p>He is a renowned businessman within Murang'a and its environ spanning for a period of twenty-one years.</p>
 <p>Hon. Chefman Isaac Njoroge MCA Kahumbu Ward</p>	<p>Hon. Chefman Isaac Njoroge is an elected Member of the Murang'a County Assembly representing Kahumbu Ward.</p> <p>He is a Member of the Members Car Loan and Mortgage Management Committee.</p> <p>He holds a Bachelor's Degree in Business Administration (Commerce), Diploma in Sales, Marketing and Management and a Diploma in Purchasing and Supplies Management.</p> <p>Hon. Chefman has been the regional manager Premier Group of Companies, Operations Manager at Denca Contractors and a Consultant at Kivi Limited.</p>

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



Mr. W. Kuria Thuita
Clerk of the County
Assembly

Mr. W. Kuria Thuita is the Clerk of the County Assembly of Murang'a since September 15, 2020. He is the accounting officer, the Chief Executive Officer and the Secretary to the County Assembly Service Board. He is the Chief Advisor to the Speaker on Legislative procedures and practices.

He is an Advocate of the High Court of Kenya currently undertaking his Masters of Law, holds a Post Graduate Diploma in Law, a Bachelor of Laws and Diploma in Information Technology.

Mr. Kuria previously worked as Deputy County Secretary and Sub County Administrator at Murang'a County Government, Chief Administrative Officer and Assistant Administrator at Athi River Construction Company Limited and Credit Administrator at Equity Bank Limited.

5. Board/Fund Chairperson's Report

The County Assembly established the Car and Mortgage Scheme for its members and staff. During the period ending June 30, 2023 the Scheme approved budget was Kshs. 179,050,000.

In the third Assembly the Murang'a County Assembly Service Board approved the appointment of the following members of the Board.

Ref	Name	Position
1	Hon. Johnson Mukuha, PMP	Chairperson
2	Hon. Simon Mwaura Wamwea	Member
3	Hon. Elizabeth Wambui Mwangi	Member
4	Monicah Wanjiku Kangiri	Member
5	Vincent Stephen Macharia Kabiru	Member
6	W. Kuria Thuita	Secretary/ Clerk , County Assembly

The performance of the fund has been moderate as the Fund does not have the capacity to advance Mortgage and Car Loan facilities to all members when they report due to lack of enough funds. The Fund is also not able to meet the demands by staff who want the facilities due to unavailability of funds. This leads to delay and reduction of the benefits due to passage of time.

The future outlook of the fund involves ensuring recovery of all the money advanced to members by May 2027 before their term ends. This will enable the Assembly to give Mortgage and Car Loans to the new members who will report in September 2027. The Board/Management Team also intends to give facilities to more staff who have not benefited from the fund. The Board/Management Team will also continue budgeting for more money to increase the worth of the fund and hope that the same will be released to be able to effectively cater for Members and Staff as this is a benefit they are entitled to.

The Assembly has tried its best to manage the Fund and to balance the interest of members and staff. The Assembly hopes that more money will be released to the Fund so that everybody can benefit.

.....


Signed:

Hon. Johnson Mukuha, PMP

20/11/2023
.....

Date


6. Report of The Fund Administrator

The County Assembly established the Car and Mortgage Scheme fund for its members and staff. The fund is established Pursuant to Section 116 of the Public Finance Management Act and the following Regulations that govern the fund:

- i) The Public Finance Management (Murang'a County Assembly members mortgage scheme fund regulations, 2014
- ii) The Public Finance Management (Murang'a County Assembly members' car loan scheme fund regulations, 2014
- iii) The Public Finance Management (Murang'a County Assembly mortgage (staff) scheme fund regulations, 2017
- iv) The Public Finance Management (Murang'a County Assembly car loan (staff) scheme fund regulations, 2017

The County Assembly established the Car and Mortgage Scheme for its members and staff. During the period ending June 30, 2023 the Scheme approved budget was Kshs. 179,050,000. The budget for transfers from county government was Kshs. 171,000,000 while the budget for interest was Kshs. 8,050,000.

Additionally, the Murang'a County Assembly Car Loan and Mortgage Scheme Fund received Kshs. 105,686,500 as transfers from the County government and Kshs. 6,244,453 from interest income. This translates to a deficit of Kshs. 65,313,500 for transfers from county government while Kshs. 1,805,542 for Interest income.

Signed: 

W. Kuria Thuita
Secretary/ Clerk of the Assembly

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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Murang'a County Assembly Car and Mortgage Scheme's 2018-2022 plan are to:

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

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Details	Details	Details
Program	Provision of loan to members for the purchase of vehicles.	Provision of loan for purchase, development, renovation or repair of residential property by the members of the scheme.
Objective	To provide a loan scheme for the purchase of vehicles by Members of the scheme.	To provide loan for purchase, development, renovation or repair of residential property by the members of the scheme.
Outcome	Increased efficient transportation of members & time management by members and staff.	Increased housing facility for both members & staff of the Murang'a County Assembly.
Indicator	Increased in the % of motor-able & passable roads within the County.	Increased number of members with the residential facilities.
Performance	In FY 2020/2021 one member acquired car loan facility.	In FY 2020/2021 a total of seven (members & staff) benefited from the mortgage facility.

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

8. Corporate Governance Statement

The Car Loan and Mortgage Management Committee meeting and the attendance for the period ending June 30, 2023 is shown below.

Name	Position	No. of meetings held	No. of meetings present	No. of meetings absent
Hon. Simon Mwaura Wamwea	Chairperson	23	23	0
Hon. Francis Kibe Kamau	Vice Chairperson	23	23	0
Hon. Morris Thuku Gathoni	Member	23	22	1
Hon. Elizabeth Wambui Mwangi	Member	23	23	0
Hon. Laban Njaramba Chomba	Member	23	23	0
Hon. Chefman Isaac Njoroge	Member	23	23	0
W. Kuria Thuita	Clerk, County Assembly	23	23	0

The succession plan is with regards to the composition of the Board of Trustees/Management team which is dependent on the political cycle. Section 12 (5) and (6) of the County Government Act Provides that:

(5) A member of the county assembly service board shall vacate office—

(a) if the person is a member of the county assembly

(i) at the end of the term of the county assembly; or

(ii) if the person ceases to be a member of the county assembly; or

(b) if the person is an appointed member, on revocation of the person's appointment by the county assembly; or

(c) if the person is the Speaker, when the person ceases to be such Speaker.

(6) Despite subsection (5), when the term of the county assembly ends, a member of the county assembly service board under subsection (3)(d) shall continue in office until a new member has assumed office in the member's place in the next assembly.

With regards to the Management Team, the composition is made up of Members of the County Assembly and hence the management team is dissolved when their term ends. In the event that any changes occur within the five-year period, the new member(s) is properly inducted to understand how the fund operates and his/her role. When the new Members of the County Assembly report, the Board shall approve appointment of new members to the Management Team.

The roles and functions of the Board are stipulated under Section 12 (7) of the County Government Act and Section 11 of the County Assembly Services Act respectively as shown below:

(7) The county assembly service board is responsible for—

- (a) providing services and facilities to ensure the efficient and effective functioning of the county assembly;
- (b) constituting offices in the county assembly service, and appointing and supervising office holders;
- (c) preparing annual estimates of expenditure of the county assembly service and submitting them to the county assembly for approval, and exercising budgetary control over the service;
- (d) undertaking, singly or jointly with other relevant organizations, programmes to promote the ideals of parliamentary democracy; and
- (e) performing other functions
 - (i) necessary for the well-being of the members and staff of the county assembly; or
 - (ii) prescribed by national legislation.

11. Functions of the Board

(1) The Board shall—

- (a) direct and supervise the administration of the services and facilities provided by, and exercise budgetary control over, the Service;
- (b) determine and review the terms and conditions of service of persons holding or acting in the offices of the Service;

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

- (c) initiate, co-ordinate and harmonize policies and strategies relating to the development of the Service;
 - (d) initiate programmes
 - (i) for training and capacity building of members and staff of the county assembly and other persons;
 - (ii) that promote ideals of parliamentary democracy as set out in Article 127(6)(d) of the Constitution; and
 - (iii) that promote public awareness and participation in the activities of the county assembly; and
 - (e) do such other things as may be necessary for the well-being of the members and staff of the county assembly.
- (2) In the performance of its functions under this Act, the Board shall apply—
- (a) the national values and principles of governance set out in Article 10 of the Constitution; and
 - (b) the values and principles of public service set out in Article 232(1) of the Constitution.

9. Management Discussion and Analysis

Murang'a County Assembly Car loan and Mortgage (Members) and Murang'a County Assembly Car loan and Mortgage (Staff) Scheme Funds are established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. The Fund further derive its authority from County Assembly Members Mortgage Scheme Fund Regulations, 2014 and Murang'a County Assembly Mortgage (Staff) Scheme Fund Regulations, 2017. The Fund is wholly owned by the County Government of Murang'a and is domiciled in Kenya.

The management committee allocated funds to members considering;

- a) Duly filled application forms and amount applied for by the member,
- b) A summarized assessment of the members' repayment capability,
- c) A security provided and forced sale value of such security. (The committee resolved that only valid certificates of title, either leasehold or freehold shall be accepted), and
- d) Duly executed transfer forms in favour of the County Assembly Service Board.

All the loans have been secured with title deeds, log books or leasehold properties certificates. All the car loans and mortgages have been insured. The insurance covers the following risks among others: loss of seat pursuant to Article 194 of the Constitution of Kenya, death and permanent disability. As a provisional measure, the committee retains 3 percent of the loan amount for the purposes of procuring the insurance cover.

The committee has faced some challenges in the management of the car loan and mortgage:

- a) Inadequate understanding by members on the need to provide security for the loans.
- b) Inadequate awareness by the members on the procedure for applications of the loans.
- c) Inadequate skills of secretariat with regards to managing the accounts and books of the committee. The secretariat has had to learn most of the things on the job as there was no reference point for most of the questions/ challenges the secretariat is faced with.
- d) Inadequate understanding by members on the mortgage process and the need to take time

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

to establish uniform laid down procedures from the start to the end of the entire car loan/ mortgage process.

- e) Lack of adequate funds. The fund requires at least Kshs. 300,000,000 in order to be able to cater for all the members of the scheme.

10. Environmental and Sustainability Reporting

Murang'a County Assembly car and mortgage scheme fund exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on our pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar;

- (i) Sustainability strategy and profile;
- (ii) Environmental performance;
- (iii) Employee welfare;
- (iv) Market place practices; and
- (v) Community Engagements.

During the reporting period, the fund trained the staff included in the management and the loan management committee. However, due to budgetary constraints no other Corporate Social Responsibility activities were undertaken.

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

11. Report of The Trustees

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

Principal activities

The principal activity of the Fund is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 24 to 28.

Trustees

The members of the Board of Trustees who served during the year are shown on pages (vii) to (ix) as shown below:

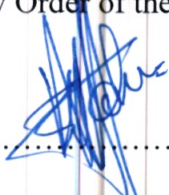
- i. Hon. Johnson Mukuha, PMP
- ii. Hon. Simon Mwaura Wamwea
- iii. Hon. Elizabeth Wambui Mwangi
- iv. Monicah Wanjiku Kangiri
- v. Vincent Stephen Macharia Kabiru
- vi. W. Kuria Thuita

There were no changes in the Board during the financial year 2022/2023.

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 Board

Date: 20/11/2023

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 (Murang'a County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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, 2023. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material 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 (Murang'a County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

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

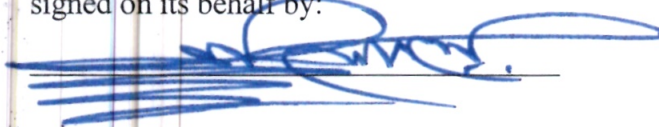
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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 20/11 2023 and signed on its behalf by:

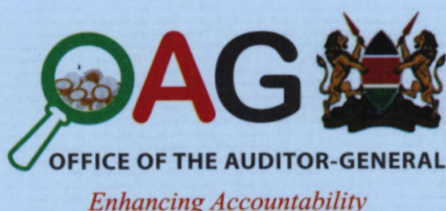


W. Kuria Thuita

Administrator of the Fund

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 MURANG'A COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial

Report of the Auditor-General on Murang'a County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Murang'a County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unreconciled Variances for Proceeds from Loan Principal Repayments.

The statement of cash flows reflects Kshs.17,484,604 under cash flows from investing activities in respect to proceeds from loan principal repayments. However, the supporting schedules provided for audit review reflected an amount of Kshs.26,378,605 resulting to a variance of Kshs.8,894,000 which had not been explained or reconciled.

In the circumstances, the accuracy and completeness of loan principal repayments of Kshs.17,484,604 could not be confirmed.

2. Irregular Amalgamation of Four Separate Funds into One

As previously reported, Murang'a County Assembly established four (4) separate Funds as follows:

- i. County Assembly Members Car Loan Scheme Fund vide Legal Notice No. 1 of 2014;
- ii. County Assembly Members Mortgage Scheme Fund vide Legal Notice No. 2 of 2014;
- iii. Murang'a County Assembly Mortgage Staff Scheme Fund vide Legal Notice No. 2 of 2017; and
- iv. Murang'a County Assembly Car Loan (Staff) Scheme Fund vide Legal Notice No. 3 of 2017.

The Fund Management, however, prepared and submitted to the Auditor-General one set of amalgamated financial statements of the Funds for the year ended 30 June, 2023. Although, the operations of the four (4) Funds are distinct, no legislation has been passed for the amalgamation of the four (4) Funds.

In the circumstances, the amalgamation of the four Funds' financial statements for the year ended 30 June, 2023 into one is inconsistent with the laws.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Murang'a County Assembly Car Loan and Mortgage Scheme Fund Management in accordance with ISSAI 130 or 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.182,000,000 and Kshs.152,030,958 respectively resulting in an underfunding of Kshs.29,969,042 or 16.5% of the budget.

In the circumstances, the underfunding affected planned activities and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Issues

In the audit report of the previous year, various issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had neither resolved the issues nor given explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the

audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Default in Repayment of Mortgage Funds

The financial statements reflect Kshs.300,953,941 in respect of total receivables from exchange transactions as disclosed in Note 11. However, analysis of the staff mortgage loan statement revealed that two (2) officers had not made repayments amounting to Kshs.1,976,904 towards their loans and the Management had not made any initiatives to recover these outstanding debts.

In the circumstances, the effectiveness of the internal control mechanisms employed by the Fund could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk assessment and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 the 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

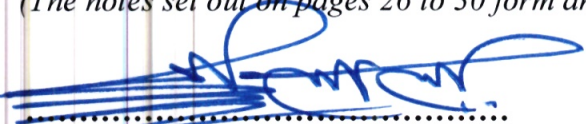
14 March, 2024


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

14. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	6,244,458	3,600,367
Other income	5	-	-
Total revenue		6,244,458	3,600,367
Expenses			
Employee costs	6	-	-
Use of goods and services	7	6,110,580	5,101,324
Finance costs	8	-	-
Total expenses		6,110,580	5,101,324
Other gains/(losses)		-	-
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		133,878	- 1,500,957

(The notes set out on pages 26 to 30 form an integral part of these Financial Statements.)


.....
Name: W. Kuria Thuita
Administrator of the Fund



.....
Name: David K. Mwangi
Fund Accountant
ICPAK Member Number: 9322

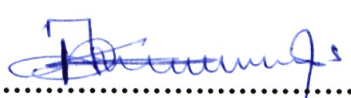
Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

	Note	FY 2022/2023	FY 2021/2022
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	10	58,810,157	78,035,175
Current portion of Receivables from exchange transactions	11	54,040,973	11,720,943
Prepayments	12	2,320,374	-
Total Current Assets		115,171,504	89,756,118
Non-current assets			
Long term receivables from exchange transactions	11	246,912,968	127,580,346
Total non - current assets		246,912,968	127,580,346
Total assets		362,084,472	217,336,464
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	14	1,328,483	2,500,852
Total current liabilities		1,328,483	2,500,852
Total liabilities		1,328,483	2,500,852
Net assets		360,755,989	214,835,612
Revolving Fund		349,162,999	203,376,499
Reserves		-	-
Accumulated Surplus		11,592,990	11,459,113
Total Net Assets and Liabilities		360,755,989	214,835,612

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 20/11 2023 and signed by:


 Name: W. Kuria Thuita
 Administrator of the Fund


 Name: David K. Mwangi
 Fund Accountant
 ICPAK Member Number: 9322

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

16. Statement of Changes in Net Assets for the year ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at July 2021	166,201,499		12,960,170	179,161,569
Surplus/(deficit) for the period	-	-	- 1,500,957	- 1,500,957
Funds received during the period	37,175,000	-	-	37,175,000
Revaluation gain	-	-	-	-
Balance as at June 2022	203,376,499	-	11,459,113	214,835,612
Balance as at July 2022	203,376,499	-	11,459,113	214,835,612
Surplus/(deficit) for the period	-	-	133,878	133,878
Funds received during the period	145,786,500	-	-	145,786,500
Revaluation gain	-	-	-	-
Balance as at June 2023	349,162,999	-	11,592,990	360,755,989

Murang'a County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

	Note	FY 2022/2023	FY 2021/2022
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Interest received	4	6,244,458	3,600,367
Receipts from other operating activities		-	-
Total Receipts		6,244,458	3,600,367
Payments			
Employee costs	6	-	-
Use of goods and services	7	6,110,580	5,101,324
Depreciation & amortization expenses		-	-
Finance costs	8	-	-
Total Payments		6,110,580	5,101,324
Net cash flows from operating activities	16	133,878	- 1,500,957
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from loan principal repayments		17,484,604	44,503,982
Loan disbursements paid out/ Car grant paid		(182,630,000)	(30,775,576)
Net cash flows used in investing activities		(165,145,396)	13,728,406
Cash flows from financing activities			
Proceeds from revolving fund receipts		145,786,500	37,175,000
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		145,786,500	37,175,000
Net increase/(decrease) in cash and cash equivalents		(19,225,018)	49,402,449
Cash and cash equivalents at July 2022	10	78,035,175	28,632,726
Cash and cash equivalents at June 2023	10	58,810,157	78,035,175

18. Statement of Comparison of Budget and Actual Amounts for The Period

	Original Budget	Adjustments/ Supplementary	Final Budget	Actual on comparable basis	Performance difference	% Utilisation
	Jun-23	Jun-23	Jun-23	Jun-23	Jun-23	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from county government	173,000,000	2,000,000	175,000,000	145,786,500	29,213,500	83%
Interest income	7,000,000	-	7,000,000	6,244,458	755,542	89%
Other income	-	-	-	-	-	
Total income	180,000,000	2,000,000	182,000,000	152,030,958	29,969,042	84%
Expenses						
Loan issued	173,000,000	2,000,000	175,000,000	182,630,000	7,630,000	104%
Use of goods and services	7,000,000	-	7,000,000	6,110,580	889,420	87%
Staff costs	-	-	-	-	-	
Finance cost	-	-	-	-	-	
Total expenditure	180,000,000	2,000,000	182,000,000	188,740,580	- 6,740,580	

Budget notes

In the FY 2022/2023 a total of Kshs 152,030,958 was received as transfers from county government and interest while the expenditure totalled Kshs 188,740,580. The deficit of Kshs 36,709,622 was catered for by cash in the bank as at 1st July 2022 of Kshs 66,676,453.

19. Notes to the Financial Statements

1. General Information

Murang'a County Assembly Car Loan and Mortgage Scheme Fund is established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. The Fund's principal activity is to provide a loan scheme for the purchase of vehicles by Members of the scheme and to provide a loan for the purchase, development, renovation or repair of residential property by the members of the scheme.

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 2023

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

18. Statement of Comparison of Budget and Actual Amounts for The Period

	Original Budget	Adjustments/ Supplementary	Final Budget	Actual on comparable basis	Performance difference	% Utilisation
	Jun-23	Jun-23	Jun-23	Jun-23	Jun-23	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from county government	173,000,000	2,000,000	175,000,000	145,786,500	29,213,500	83%
Interest income	7,000,000	-	7,000,000	6,244,458	755,542	89%
Other income	-	-	-	-	-	
Total income	180,000,000	2,000,000	182,000,000	152,030,958	29,969,042	84%
Expenses						
Loan issued	173,000,000	2,000,000	175,000,000	182,630,000	7,630,000	104%
Use of goods and services	7,000,000	-	7,000,000	6,110,580	889,420	87%
Staff costs	-	-	-	-	-	
Finance cost	-	-	-	-	-	
Total expenditure	180,000,000	2,000,000	182,000,000	188,740,580	- 6,740,580	

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

19. Notes to the Financial Statements

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3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i>

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not 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.)*

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1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 28th June 2022 of Kshs. 178,000,000. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded

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additional appropriations of 2,000,000 on the FY 2022/2023 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

e) 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.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated

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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.

e) Investment property

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

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate)*. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

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.

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g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of

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Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

j) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

l) 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.

m) 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

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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.

n) 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.

o) 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.

p) 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.

q) 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.

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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6. Notes to The Financial Statements

1. Public contributions and donations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest income from members mortgage loan	1,955,311	341,975
Interest income from staff mortgage loan	4,133,187	3,258,392
Interest income from car loan	155,959	-
Total	6,244,458	3,600,367

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5. Other income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total	-	-

6. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Committee Allowances	6,068,000	4,726,200
Bank Charges	42,580	5,924
Insurance Costs	-	269,200
Other expenses	-	100,000
Total	6,110,580	5,101,324

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8. Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

10. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	18,710,157	78,035,175
Others	-	-
Total	18,710,157	78,035,175

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

Financial institution	Account Number	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Current account			
Family bank	006000027988	52,763,168	65,322,630
Family bank	006000035412	501,981	-
Family bank	006000035411	2,558,918	-
Family bank	006000035763	677,312	-
KCB bank	1167298535	2,233,970	10,755,608
KCB bank	1167297733	74,808	1,756,937
Total		58,810,157	78,035,175

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11. Receivables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current Receivables		
Interest receivable	2,538,393	869,721
Current loan repayments due: members mortgage	32,319,261	-
Current loan repayments due: staff mortgage	11,866,263	9,961,481
Current loan repayments due: car loan	2,115,033	-
Other exchange debtors	5,202,023	889,741
Less: Provision for bad debts	-	-
Total Current receivables	54,040,973	11,720,943
Non-Current receivables		
Long term members mortgage loan repayments due	111,272,650	
Long term staff mortgage loan repayments due	126,740,392	127,580,346
Long term car loan repayments due	8,899,926	
Total Non-current receivables	246,912,968	127,580,346
Total receivables from exchange transactions	300,953,941	139,301,289

Additional disclosure on interest receivable

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

12. Prepayments

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	2,320,374	-
Total	2,320,374	-

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13. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Total	-	-

14. Trade and other payables from exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Trade Payables	-		-	
Accrued insurance costs	1,328,483		2,500,852	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total	1,328,483		2,500,852	
Ageing analysis (Trade and other payables)	FY 2022/2023	% of the Total	FY 2021/2022	% of the Total
Under one year	1,328,483	100%	2,500,852	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	1,328,483		2,500,852	

15. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

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16. Cash generated from operations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	133,878	-1,500,957
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	133,878	-1,500,957

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 Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	145,786,500	37,175,000
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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13. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Total	-	-

14. Trade and other payables from exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Trade Payables	-		-	
Accrued insurance costs	1,328,483		2,500,852	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total	1,328,483		2,500,852	
Ageing analysis (Trade and other payables)	FY 2022/2023	% of the Total	FY 2021/2022	% of the Total
Under one year	597,817	45%	1,125,383	45%
1-2 years	398,545	30%	750,256	30%
2-3 years	199,273	15%	375,128	15%
Over 3 years	132,848	10%	250,085	10%
Total	1,328,483		2,500,852	

15. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due to Discount and Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

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16. Cash generated from operations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	133,878	-1,500,957
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	133,878	-1,500,957

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 Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	145,786,500	37,175,000
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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d) Due from related parties

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

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

18. Contingent assets and contingent liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

19. 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

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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 2023				
Receivables From Exchange Transactions	300,953,941	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	58,810,157	-	-	-
Total	359,764,098	-	-	-
At 30 June 2022				
Receivables From Exchange Transactions	139,301,289	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	78,035,175	-	-	-
Total	217,336,464	-	-	-

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	1,328,483	1,328,483
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	1,328,483	1,328,483
At 30 June 2022				
Trade Payables	-	-	2,500,852	2,500,852
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	2,500,852	2,500,852

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	58,810,157	-	58,810,157
Debtors/ Receivables	300,953,941	-	300,953,941
Liabilities			
Trade And Other Payables	1,328,483	-	1,328,483
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
FY 2022/2023			
Euro	10%	-	-
USD	10%	-	-
FY 2021/22			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

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 2022/2023	FY 2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	349,162,999	203,376,499
Accumulated surplus	11,592,990	11,459,113
Total funds	360,755,989	214,835,612
Total borrowings		
Less: cash and bank balances	58,810,157	78,035,175
Net debt/(excess cash and cash equivalents)	(58,810,157)	(78,035,175)
Gearing	16.3%	36.74%

20. Events after the reporting period

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

21. Ultimate and Holding Entity

The entity is a County Public Fund established by and derive their authority and accountability from Regulation 6 of the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Members Scheme Fund) Regulations, 2014 on 31st December 2014 and the Public Finance Management (Murang'a County Assembly Car Loan and Mortgage (Staff Scheme Fund) Regulations, 2017 on 1st September 2017. Its ultimate parent is the County Government of Murang'a.

22. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Issue/ Observations from Auditor	Management comments	Status	Time frame
1	<p>Irregular Amalgamation of Four Separate Funds into One As previously reported, Murang'a County Assembly established four (4) separate Funds as follows:</p> <ul style="list-style-type: none"> i. County Assembly Members Car Loan Scheme Fund vide Legal Notice No. 1 of 2014; ii. County Assembly Members Mortgage Scheme Fund vide Legal Notice No. 2 of 2014; iii. Murang'a County Assembly Mortgage Staff Scheme Fund vide Legal Notice No. 2 of 2017; and iv. Murang'a County Assembly Car Loan (Staff) Scheme Fund vide Legal Notice No. 3 of 2017. <p>The Fund Management, however, prepared and submitted to the Auditor-General one set of amalgamated financial statements of the Funds for the year ended 30 June, 2022. Although, the operations of the four (4) Funds are distinct, no legislation has been passed for the amalgamation of the four (4) Funds. In the circumstances, the amalgamation of the four Funds' financial statements for the year ended 30 June, 2022 into one is inconsistent with the law.</p>	<p>Murang'a County Assembly has a Bill in process to have two Acts: County Assembly Members Car Loan and Mortgage Scheme Fund and County Assembly Staff Car Loan and Mortgage Scheme Fund.</p>	Not Resolved	31/12/2023
2	<p>Fund Performance and Sustainability of Service The statement of financial performance for the year ended 30 June 2022 reflects a deficit of Kshs. 1,500,957 which is an increase from Kshs. 154,243 being deficit reported in the previous year. If proper strategies are not put in place, the growing deficit trend may affect the ability of the scheme fund to sustain its services for the benefit of its members. In the circumstances, there exists material uncertainty related to sustainability of services.</p>	<p>FY 2021/2022 was the end of the term for MCAs of the second Assembly. The Committee met frequently to clear MCA granted car loan & mortgage hence the additional expenditure. This trend will not recur in the future.</p>	Resolved	N/A
3	<p>Unsupported Fund Administration Expenses Note 6 to the financial statements reflects Kshs. 4,726,200 in respect of fund administration expenses which includes Kshs. 3,820,200 in respect of workshops in various hotels in Mombasa and Nairobi. However, the amount was unsupported with work tickets, signed hotel venue attendance sheets and reports of the workshops. In addition, a total of</p>	<p>The signed hotel venue attendance sheets and reports of the outcome of the workshops are available for audit verification. Further,</p>	Resolved	N/A

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	<p>Kshs. 575,000 was paid to staff as transport (fuel) for using their personal vehicles during official duties while there was no documentary evidence in form of letters authorizing the same.</p> <p>In the circumstances, the accuracy and validity of the expenditure of Kshs. 4,395,200 for the year 30 June, 2022 could not be confirmed.</p>	<p>the County Assembly Service Board authorized the staff members to use their private vehicles for workshops held outside the Assembly precincts. The fuel receipts for the personal vehicles are available for review.</p>		
4	<p>Unpaid Long Term Receivables from Exchange Transactions</p> <p>Note 12 to the financial statements reflects Kshs. 127,580,346 in respect of Long term receivables from exchange transactions. However, four (4) members of staff who had loan balances of Kshs. 14,690,430 had defaulted on loans repayment, yet the amounts were not provided for as doubtful and the management had not initiated any recoveries measures.</p> <p>In the circumstances, the unpaid loan balances of Kshs. 14,690,430 as at 30 June 2022 may not be recoverable and could lead to loss of public funds.</p>	<p>The management have been in contact with the said officers as to how best they plan to clear their outstanding loan balances. Auctioning the charged property to recover outstanding loan balances is considered to be the last option.</p>	Not Resolved	31/12/2023
5	<p>Cash and Cash Equivalents</p> <p>Note 11 to the financial statements reflects Kshs. 78,035,175 in respect of cash and cash equivalents balance as at 30 June, 2022. However, review of bank reconciliations and cash books provided for audit indicated the amount to be Kshs 76,502,006 resulting to an unreconciled and unexplained variance of Kshs. 1,533,169.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 78,035,175 as at 30 June, 2022 could not be confirmed.</p>	<p>Note 11 to the financial statements reflects cash & cash equivalents balance of Kshs. 76,502,006 as per the bank reconciliation statements and cashbook. The statements are available for audit review.</p>	Resolved	N/A
6	<p>Inaccuracy in Transfers from the County Government</p> <p>Note 2 to the financial statements reflect a Nil balance in respect of transfers from the County Government. However, the statement of comparison of budget and actual amounts reflects Kshs. 37,175,000 resulting to an unreconciled and unexplained variance of Kshs. 37,175,000.</p> <p>In the circumstances, the validity and accuracy of the transfers from County Government amount of Kshs. 37,175,000 during the year could not be confirmed.</p>	<p>Transfers from County Government are classified as proceeds from revolving fund receipts in the statement of cash flows. The amended financial statement is available for review.</p>	Resolved	N/A


 W. Kuria Thuita
 Administrator of the Fund

.....
 20/11/2023
 Date

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
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Annex II: Inter-Fund Confirmation Letter

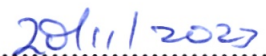


The Murang'a County Assembly Car Loan and Mortgage Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Murang'a County Assembly Car Loan and Mortgage Scheme Fund as at 30 th June 2023							
Reference No	Date Disbursed	Amounts Disbursed by Murang'a County Assembly Car Loan and Mortgage Scheme Fund as at 30 th June 2023				Amount Received by Murang'a County Assembly Car Loan & Mortgage Fund as at 30.06.2023 (E) (Kshs)	Differences (F)=(D-E) (Kshs)
		Recurrent (A)	Transfer from Exchequer (B)	Transfer from Interest (C)	Total (D)=(A+B+C) (Kshs)		
1	18/11/2022	10,025,000	10,025,000	0	10,025,000	10,025,000	0
2	18/01/2023	12,975,000	12,975,000	0	12,975,000	12,975,000	0
3	12/02/2023	6,000,000	0	6,000,000	6,000,000	6,000,000	0
4	22/02/2023	20,150,000	20,150,000	0	20,150,000	20,150,000	0
5	01/03/2023	1,100,000	0	1,100,000	1,100,000	1,100,000	0
6	08/03/2023	10,475,000	10,475,000	0	10,475,000	10,475,000	0
7	08/03/2023	9,600,000	9,600,000	0	9,600,000	9,600,000	0
8	06/04/2023	20,011,500	20,011,500	0	20,011,500	20,011,500	0
9	27/06/2023	15,350,000	15,350,000	0	15,350,000	15,350,000	0
10.	30/06/2023	40,100,000	40,100,000	0	40,100,000	40,100,000	0
Total		145,786,500	138,686,500	7,100,000	145,786,500	145,786,500	0

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


.....
David K. Mwangi
Fund Accountant


.....
Date

**Murang'a County Assembly Car Loan and Mortgage Scheme Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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