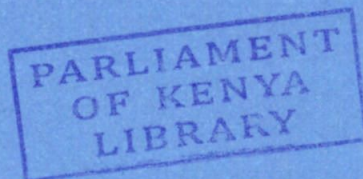


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY ASSEMBLY
MORTGAGE AND CAR LOAN
SCHEME FUND**

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

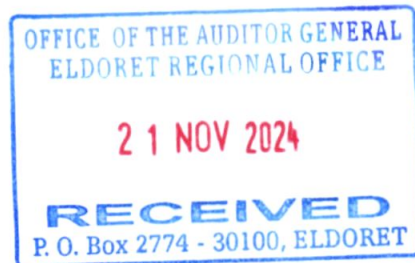
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**UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN
SCHEME FUND**

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

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



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TABLE OF CONTENTS

1. Acronyms and Glossary of Terms	iv
1. Key Entity Information and Management	v
2.The Fund Committee Members	vii
5. Report of the Fund Administrator	xi
6.Statement of Performance against the County Fund’s Predetermined Objectives	xii
7.Corporate Governance Statement	xiii
8.Management Discussion and Analysis	xiv
9.Environmental and Sustainability Reporting	xv
10. Report of the Trustees	xvi
Statement of Financial Performance for Year Ended 30 th June 2024	1
13. Statement of Financial Position as at 30 th June 2024	2
14. Statement of Changes In Net Assets as at 30 th June 2024	3
17.Statement of Comparison Of Budget and Actual Amounts for the Period Ended 30 th June 2024	5
18. Notes to the Financial Statements.....	6
3. Adoption of New and Revised Standards.....	6
D) Intangible Assets	10
E) Financial Instruments	10
F) Inventories	12
G) Provisions.....	12
H) Nature And Purpose Of Reserves.....	13
I) Changes In Accounting Policies And Estimates	13
J) Employee Benefits – Retirement Benefit Plans	13
K) Foreign Currency Transactions	14
L) Borrowing Costs.....	14
M) Related Parties	14
N) Cash And Cash Equivalents	14
O) Comparative Figures	14
P) Events After The Reporting Period.....	14
Q) Ultimate And Holding Entity	15

R) Currency	15
Significant Judgments and Sources of Estimation Uncertainty.....	15
1. Public Contributions and Donations	16
2. Transfers From County Government	16
3. Fines, Penalties and Other Levies	16
4. Interest Income	16
5. Other Income	17
6. Employee Costs	17
8. Depreciation and Amortization Expense	18
9. Finance Costs.....	18
10. Gain/(Loss) On Disposal of Assets	18
11. Cash And Cash Equivalents	19
12. Receivables from Exchange Transactions	20
13. Prepayments.....	20
14. Inventories	20
15. Property, Plant and Equipment.....	21
16. Intangible Assets.....	23
17. Trade and Other Payables from Exchange Transactions.....	23
18. Borrowings	24
19. Employee Benefit Obligations.....	25
20. Cash Generated from Operations	25
21. Related Party Balances	26
22. Contingent Assets and Contingent Liabilities	27
23. Financial Risk Management	27

1. Acronyms and Glossary of terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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(Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

1. Key Entity Information and Management

a) Background information

Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014). The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

b) Principal Activities

The fund's objective is to provide Mortgage and Car Loan Scheme for purchase, development, renovation or repair of residential Property or Car by members' of the scheme.

The Fund's principal activity is to provide members of the scheme with loans as per the scheme's regulations.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Julius Sang	Chair
2	Hon. Francis Muya	V. chair
3	Hon. Samuel Sawe	Member
4	Hon Carolyne Cheronu	Member
5	Shadrack Choge	Fund Administrator
6	Lazarus Kemboi Bii	Fund Accountant
7	Michelle Saina	Legal Officer

d) Key Management

Ref	Name	Position
1	Shadrack Choge	Fund manager
2	Lazarus Kemboi	Fund Accountant
3	Peter Ouyo	Principal Finance officer
4	Sally Jesang	Principal Accountant

e) Registered offices

County Assembly Building
P.O. Box 100-30100
Uganda Road
Eldoret, KENYA

(f) Fund Contacts

Telephone: (254) 053-2062077
E-mail: info@ugcountyassembly.or.ke
Website: www.ugcountyassembly.or.ke

(g) Fund Bankers

1. Access Bank Ltd
PO Box 4306-100
Nairobi.
2. KCB Bank Ltd
Eldoret West Branch
P.O. Box 5197-30100
Eldoret, Kenya.
3. Family Bank
Eldoret branch
Po Box 629-30100
Eldoret.




(h) Independent Auditors

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

f) Principal Legal Adviser

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

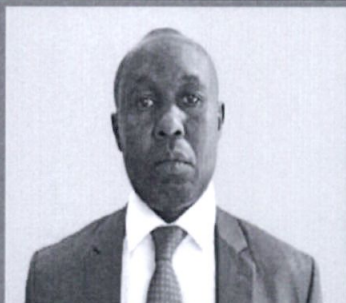
2.The Fund Committee Members

Name	Details of qualifications and experience
 <p>1. Hon. Julius Sang</p>	<p>Member of Fund Management Committee since 2022 Chair – Car Loan & Mortgage Committee Clinical Officer Diploma in Clinical Medicine</p>
 <p>2. Hon. Francis Muya</p>	<p>Member of County Assembly (2013 to Date) Accountant Vice Chair – Car Loan & Mortgage Committee</p>
 <p>3. Hon. Samuel Sawe</p>	<p>Committee Member Bachelor’s Degree in Business Management CPA K</p>



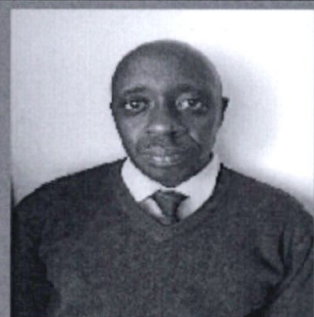
4. Hon. Caroline Cheron

Committee Member
Master's Degree in Development Studies
Post Graduate Diploma in Project Development
Bachelor's Degree in Development Studies
Bachelor's Degree in Commerce
Diploma in Biblical Studies
ACCA (UK) F4



5. Shadrack Choge

Fund Manager
Master's Degree
Joined the Committee in 2018



6. Lazarus Kemboi





Fund Accountant
Master's Degree, CPA (K) and BBM
Diploma in Biblical Studies
Member of Fund Management Committee since 2014



7. Michelle Saina

Bachelor's Degree LLB
Member of Fund Management Committee since 2014

3.Management Team

Name	Details of qualifications and experience
 <p>1, Shadrack Choge</p>	<p>Fund Manager Master's Degree</p> <p>YOB: 1976 Work Experience: 27 Years</p>
 <p>1. Lazarus Kemboi</p>	<p>Fund Accountant Master's Degree, CPA (K)</p> <p>YOB: 1975</p> <p>Work Experience: 27 Years</p>
 <p>2. Peter Ouyo</p>	<p>Principal Finance Officer Master's Degree, BCOM</p> <p>YOB: 1967</p> <p>Work Experience: 33 Years</p>
 <p>3. Sally Jesang</p>	<p>Principal Accountant Master's Degree, CPA (K), BBM</p> <p>YOB: 1977</p> <p>Work Experience: 17 years</p>

4.Board/Fund Chairperson's Report

It is my pleasure to present the annual financial reports and statements for the Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ending 30th June 2024. This report is tabled for your consideration and discussion as part of the annual general meeting.

Financial year 2023/24 was an exciting year where we made several key decisions, which requires time-consuming commitment from all board members. During the year under review the fund received interest of Kshs 7,164,591 from its operations, up from ksh 5,445,519 in the previous Financial year.

The membership of the Fund management committee remained the same throughout the financial year. This enabled the fund to run smoothly since there were no interruptions in the day to day management of the fund.

The fund did not receive any additional funding during the year under review. The committee has however put in place measures that ensures loans disbursed are recovered as scheduled to minimize the default risk and ensure that funds are adequately available for disbursement to members of the Fund.

SIGN: _____
HON. JULIUS SANG

5. Report of The Fund Administrator

The County Assembly established and Mortgage Car loan scheme fund to cater for loans and mortgage for members and Staff in financial 2014/15. The initial budget for the fund was Ksh 225,000,000.

During the financial year ending 30th June, 2017 the County Assembly enhanced the fund by Ksh 15,100,000. In the financial year (2017/18) the Assembly disbursed Ksh 245,499,900 to the Members of Second County Assembly and Staff, Ksh 21,439,304 in (2018/19), Ksh 16,706,478 in the FY 2019/2020 and a further Ksh24,394,448 in the FY 2020/2021.

During the year 2021/ 2022 the fund did not disburse loans to members of the scheme. The fund earned interest of Ksh 3,111,460 from its operations as indicated in the financial statement as at 30th June,2022. In Financial Year 2022/2023 the Fund earned an interest of Ksh 5,445,519 and Ksh 7,164,591 in the Financial Year under review.

The Fund made surplus of Kshs 48,640,423 in the Financial year 2022/2023 and a deficit of ksh (16,029,408) during the Financial Year under review.

The major challenge facing the fund is inadequate capital required to meet the demands of the member. However, the County Assembly Service Board is exploring all possible ways to enhance the fund.

The employees working for the fund are employees of the County Assembly who earn salaries and other employment benefits from the employer and do not receive anything from the fund in terms of salaries or allowances.

The major risk that is associated with the fund is the default risk. Adequate measures have been put in place to mitigate the fund against this risk.

The entities that are related with the fund include those who have ability to exercise control or exercise significant influence over its operations and financial decisions. The fund is related with the following entities;

- a) Uasin Gishu County Assembly Service board
- b) Uasin Gishu County Assembly
- c) Uasin Gishu County Government

I would like to thank the County Assembly Service Board, the Chair and Members of County Assembly Car Loan and Mortgage Scheme Fund, County Assembly Members and Staff for their continued support and I look forward to realizing our future together.

Am glad therefore, to forward the financial statement in respect to Car Loan and Mortgage scheme Fund, for period ending 30th June,2024.

Signed:


SHADRACK CHOGE

6.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 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 objective of the Fund as per t the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014) is to loan members and staff of the Assembly loan for acquisition of a Motor Vehicle and mortgage.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loans to Members of the fund	To provide car loan and mortgage to honourable members of the County Assembly and staff	Increased number of members and staff issued with loans by 8	18% of honourable members and staff accessing the facility	Due to limited funding we were unable to issue loans to all members of the fund during the year under review

7. Corporate Governance Statement

During the financial year, the principal activities of the Fund consisted of issuance of new loans and recovery the loans advanced to members of the scheme to ensure compliance with the statutory requirements and overall prudent management of the Fund.

FUND COMMITTEE MEMBERS

The following persons were the fund committee members for the financial year ended 30th June 2024. This means that there were no changes in the Fund management during the year under review;

- Hon. Julius Sang (Chairman)
- Hon. Francis Muya (Vice Chair)
- Hon. Samuel Sawe (Member)
- Hon. Carolyne Cheronno (Member)
- Shadrack Choge (Fund Administrator)
- Lazarus Kemboi (Fund Accountant)
- Michelle Saina (Legal Officer)

The above members were appointed based on the fund regulations that states that; the chair of the committee shall be the leader of the majority deputised by leader of minority and members are; Chair Finance and Planning Committee, one member of the County Assembly nominated by the members of the County Assembly, Clerk to County Assembly who shall be the fund Administrator, Head of Budget/Finance who shall be the fund Accountant and Legal Officer.

The main role of the committee is to:-

- a) Process application for loans in accordance with the existing terms and condition of borrowing;
- b) Liaise with the housing company (if any) to set-up a revolving fund for the disbursement of loans;
- c) Supervise the day to day running of the fund.

Members to the Car Loan and Mortgage Committee are paid sitting allowances whenever they meet to discharge their duties.

The Committee Members are required to declare their interest during the discharge of their duties to avoid Conflict of Interest. They are also guided by the institution code of ethics and their conduct is subject governance audit.

The Committee held 15 meetings during the financial year. All members attended the said meetings which was majorly to review the performance of the fund and ensure loan repayments by members of the County Assembly adhere to the time lanes. The meetings also focused on approval and issuance of loans to the new members of the Fund. The Management committee is in the process of developing a charter for the fund. This exercise is expected to be completed by December 2025.

The term of office for four members Fund Management members including the Chairman will came to an end in August 2027.

8. Management Discussion and Analysis

The Fund grew by Ksh 7,164,591 This growth is attributed to interest earned from the 3% interest on the loan as demanded by SRC and Fund regulations.

Ksh 33,587,774 was the principal amount recovered in FY/2022-23 from loans issued to both members and staff. In the last financial year 2022/2023, the outstanding loan was Ksh 220,022,627. In the year under review, the outstanding loans amounted to Ksh 201,803,104

The major risk on the management of this fund is default risk that may arise due to changes in Constitution and Laws that may affect employment contracts, retirement age and wage bill. This will definitely affect servicing of the loan bearing in mind they were not factored in during the insurance of the loans.

The Fund has no material arrears in statutory and other financial obligation since the fund is in compliance with the statutory requirement.

During the financial year ending 30th June, 2017 the County Assembly enhanced the fund by Ksh 15,100,000. In the financial year (2017/18) the Assembly disbursed Ksh 245,499,900 to the Members of Second County Assembly and Staff, Ksh 21,439,304 in (2018/19), Ksh 16,706,478 in the FY 2019/2020 and a further Ksh 24,394,448 in the FY 2020/2021.

During the year ended 30th June, 2022 the fund did not disburse loans to members of the scheme. The fund earned interest of Ksh 3,111,460 from its operations as indicated in the financial statement as at 30th June, 2022.

During the Financial year 2022/23, the fund grew from Ksh 176,632,223 to Ksh 325,272,646. in the year under review, the Fund Net assets stood at 309,243,238.

The fund did not carry out any investment activity during the year, however the fund committee took most of the time to ensure that loans are issued to new members of the County Assembly. There were no fund administration expenses incurred during the year since the fund committee had embarked on cost cutting measures and relied mostly on County Assembly service board to meet the costs of its operations.

The Fund did not pay social security benefits for its employees since the management and employees of the fund are employees of the County Assembly employed by the County Assembly service board.

The Car Loan and Mortgage Scheme Fund had a revolving fund of Ksh 144,000,000 at the close of Financial year 2021/2022. During the financial year 2022/23, the same was enhanced to kshs 244,000,000 bringing additional capital of kshs 100,000,000 to the Fund. The fund has a total accumulated reserves of Kshs 81,272,646 and Kshs (16,029,408) being deficit for the year. These reserves arose due to surplus made by the fund from 2014/2015 financial year to date. The surplus is ploughed back as loans to members since the fund is yet to meet the demand of its members. The reason why the Fund surplus went down is because the management paid out to Hon members money that was budgeted for car reimbursement amounting to Kshs 23,052,960. This amount of money was supposed to be paid last financial year but the beneficiaries failed to meet their obligations. This amounts paid were from the surplus of Kshs 48,640,423 reported last financial year.

9.Environmental and Sustainability Reporting

Uasin Gishu Car Loan and Mortgage Scheme Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on these five 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

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organization, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organization's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Due to Financial Constraints the Fund has been unable to engage in activities that are beneficial to the Community, However, as the Fund grows there are plans and mechanisms in place for the Fund to engage in charitable activities (Cash & Materials), community social investments and any other form of community initiatives.

10. Report of The Trustees

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

Principal activities

The principal activity of the Fund is to issue loans to members of the scheme and ensure the same is recovered accordingly.

Results

The results of the Fund for the year ended 30th June ,2024 are set out on page 1-6

Fund Management Committee

The members of the Fund Management Committee who served during the year are shown on page (iii). There has been no changes in the Fund Committee since inception of the third Assembly in 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 Fund Committee

.....

Chair of the Fund Administration Committee

Date:

11. 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 and as established by The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

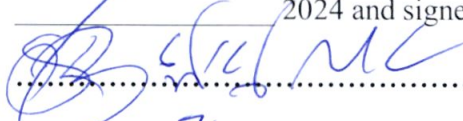
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i)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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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 Fund Management Committee on _____ 2024 and signed on its behalf by:

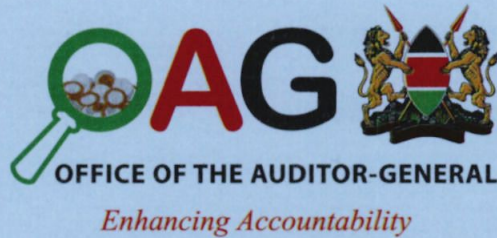


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund set out on pages 1 to 35, which comprise the

Report of the Auditor-General on Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2024

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2014.

Basis for Adverse Opinion

1. Presentation, Accuracy and Disclosures in the Financial Statements

Review of the financial statements revealed non-compliance with the Accrual Basis - International Public Sector Accounting Standards financial reporting framework and the National Treasury approved financial statements reporting template as shown below:

- i) The numbering of table of contents is not sequentially done and some statements in the financial statements are not reflected in the table of contents.
- ii) The financial statements contain illustrative information in various places, which should only be used as a guide when preparing the financial statements.
- iii) Further, the financial statements do not contain page headers in the manner and format prescribed by the National Treasury Circular Ref: AG.4/16/3 Vol. 4(6) of 4 July, 2024.
- iv) The board chairperson's report and the report of the trustee in the financial statements are not signed.
- v) Page 22 of the financial statements is blank.

Note 5 and 6 to the financial statements contain other income and employee costs respectively, however, these have not been reflected in the statement of financial performance. Further, the statement of financial performance reflects prior year use of goods and services amount of Kshs.46,805,096 as disclosed in Note 7 to the financial statements. A recast of the amounts in Note 7 revealed an amount of Kshs.7,333,607 leading to a variance of Kshs.39,471,489 which has not been explained or reconciled.

- vi) Statement of cashflows reflects other payments amount of Kshs.54,650,757 as disclosed in Notes 12 and 18 to the financial statements. However, the corresponding Notes 12 and 18 to the financial statements reflect receivables from exchange transactions and borrowings respectively.

- vii) Financial statements do not include Inter-Fund Confirmation Letter, Reporting of Climate Relevant Expenditures and Reporting on Disaster Management Expenditure as required by the National Treasury approved financial statements reporting template.

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

2. Unsupported Other Income

The statement of financial performance reflects Nil balance of other income while Note 5 to the financial statements reflects other income balance of Kshs.33,860,360 being loan principal amounts recovered during the year, resulting to an unexplained variance of Kshs.33,860,360.

Further, review of the supporting schedules provided for audit revealed that the principal amount recovered during the year from Members of the County Assembly and County Assembly staff was Kshs.42,589,137 and Kshs.5,726,173 respectively totalling to Kshs.48,315,310 which differs with the balance of Kshs.33,860,360 reflected at Note 5 to the financial statement resulting to an unexplained variance of Kshs.14,454,950. Management has explained that the variance of Kshs. 14,454,950 was principal recovered but not remitted. However, no explanation was provided as to why the amount of Kshs.14,454,950 was recovered and not remitted.

In the circumstances, the accuracy principal loan repayments could not be confirmed.

3. Incomplete Recording of Interest Income

The statement of financial performance reflects interest income balance of Kshs.7,164,591 as disclosed in Note 4 to the financial statements. However, the loan amortization schedules provided for audit revealed that the Management had not been recovering interest income from seven (7) of the loanees and there is no evidence of recovery efforts made to liquidate the collaterals. Further, the Fund provides mortgage and car loans to the staff and members of the Uasin Gishu County Assembly, however, the interest income of Kshs.7,164,591 was derived from mortgage loans and none from car loans.

In the circumstances, the accuracy and completeness of interest income could not be confirmed.

4. Unsupported Payment of Car Reimbursement to Members

The statement of financial performance reflects use of good and services balance of Kshs.23,078,483 which includes an amount of Kshs.23,052,960 being payment of car reimbursement to members of the County Assembly as disclosed in Note 7 to the financial statements. However, Management did not provide for audit verification supporting documents for the car re-imbusement payments such as logbooks, purchase agreements and the related payment vouchers.

In the circumstances, the propriety of the car reimbursement to members could not be confirmed.

5. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.317,550 from three (3) bank accounts as disclosed in Note 11 to the financial statements accounts were not provided for audit.

In the third (3) bank account, there was double posting of two cheques totalling to Kshs.1,548,400 on 17 August, 2023. In addition, a cheque amounting to Kshs.950,000 which had not cleared in the bank were not in the bank reconciliation for June, 2024.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.317,550 could not be confirmed.

6. Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.109,584,353 and long-term receivables from exchange transactions balance of Kshs.201,803,104 all totalling Kshs.311,387,457 as disclosed in Note 12 to the financial statements. The receivables from exchange transactions loan amortization schedules and supporting documents revealed the following anomalies:

- (i) The supporting schedules and ledgers for the receivables from exchange transactions balance of Kshs.311,270,790 were not provided for audit.
- (ii) The aging analysis of the long-term receivables from exchange transactions was not provided for audit review making it impossible to ascertain the period the loans have been outstanding.
- (iii) It was not possible to confirm the collateral charged against the outstanding loans and evidence of efforts made for the recovery of the long-outstanding loans totalling Kshs.201,803,104.
- (iv) Management of the Fund has not created a provision or allowance for bad debts/impaired loans yet the recoverability of the impaired loans in future is in doubt. In addition, the Fund Committee has not developed a policy on the recognition and provision of bad and doubtful debts.
- (v) Fund Management has not been recovering interest income from some loanees and no recovery efforts have been made to sell their collateral to recover the outstanding amounts.
- (vi) No evidence was provided to confirm that the borrowers provided duly signed transfer deeds and letters authorizing the Fund Administration Committee to sell their property in case of default in repayment.
- (vii) In addition, the Fund Management does not have a registered charged titles of the properties used to secure the mortgage loans contrary to Regulation 14(1) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulations 2014 which requires the officer Administering the Fund to have a charge registered on the property financed through a loan granted under these regulations, to have its name entered in all documents of title for such property and to provide a transfer deed duly signed by

the borrower and a letter authorizing the management committee to sell the property in case of default in payment.

- (viii) Review of the loan amortization schedule provided for audit revealed that the schedule did not indicate the date and amount of loans disbursed.
- (ix) Review of the loan amortization schedule revealed that there were ten (10) members of the county assembly (MCAs) with non-performing loans totalling to Kshs.36,828,869. However, the Management of the Fund has not indicated how the Fund intends to recover the non – performing and outstanding loans.

In the circumstances, the accuracy of the receivables from exchange transactions balance of Kshs.311,387,457 could not be confirmed.

7. Trade and Other Trade Payables from Exchange Transactions

The statement of financial position reflects employee benefit obligation balance of Kshs.2,254,653 as disclosed in Note 6 to the financial statements. However, the ledgers and supporting schedules for the balance of Kshs.2,346,253 were not provided for audit review.

In the circumstances, the accuracy of trade and other trade payables from exchange transactions balance of Kshs.2,346,253 could not be confirmed.

8. Outstanding Loans

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.201,803,104 as disclosed in Note 12 to the financial statements. As previously reported, this balance includes outstanding loans totalling Kshs.300,526 owed by two former Members of County Assembly (MCAs). However, Management failed to recover the loan within the five-year term of the Assembly. Although Management explained that the outstanding amounts would be deducted from their terminal dues, no evidence was provided to confirm that the terminal dues would be sufficient to offset the outstanding loans.

In the circumstances, the accuracy and recoverability of the long-term receivables from exchange transactions balance of Kshs.300,526 could not be confirmed.

9. Non-Performing Long-Term Loan

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.201,803,104 which includes car loan amounting to Kshs.3,800,000 advanced in December, 2016 to a member as disclosed in Note 12 to the financial statements. However, as previously reported, the member had repaid Kshs.2,473,666 as at December, 2018 resulting to an unpaid balance of Kshs.1,326,334. There was no evidence that additional loan repayments had been received from the member since December, 2018 to the time of audit completion in December, 2024 since the principal and interest loan balance had since accumulated to Kshs.1,451,059 as at 30 June, 2024.

In the circumstances, the accuracy and recoverability of the long-term receivables from exchange transactions balance of Kshs.1,451,059 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Adverse Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Lending of Fund's Resources to the County Assembly

The statement of cash flows reflects repayment of borrowings amount of Kshs.69,456,983 as disclosed in Note 18 to the financial statements. The borrowings relate to funds advanced to the County Assembly of Uasin Gishu by the Fund under undisclosed terms. This contravenes regulation 3 of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund) Regulations, 2014 which states that the object and purpose of the Fund shall be to provide mortgage and car loan scheme for the purpose, development, renovation or repair of residential property or car by members of the scheme.

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

2. Irregular Car Reimbursement to Members

The statement of financial performance reflects general expenses amount of Kshs.23,073,483 which includes payment of car reimbursement to members of the County Assembly amount of Kshs.23,052,960 as disclosed in Note 7 to the financial statements. It was however observed that some Members of the County Assembly were reimbursed for the purchase of motor vehicles with engine capacities exceeding 1800cc and purchase of matatus, which are not meant for official duties. This was contrary to paragraph 2(b) (ii) of Gazette Notice No.10350 of 9 August, 2023 by the Salaries and Remuneration Commission on Remuneration and Benefits for State Officers in the County Assembly which states that the Deputy Speaker and Member of County Assembly shall be provided a motor vehicle reimbursement of Kshs.2,212,000.00 for the purchase of a car engine capacity not exceeding 1800cc, for official duties as a Member of County Assembly.

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

3. Issuance of Unsecured Loans

Review of the records revealed that loans amounting to Kshs.35,369,290 were disbursed during the year under review. However, there was no evidence that upon disbursement of the loans, members of the Fund took mortgage protection and fire policies. This was contrary to Regulation 15(1) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund) Regulations, 2014 which states that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Management Committee, the cost of which shall be paid out of the Fund and debited in such borrower's account.

Further, Management did not register charges against the titles of the properties used to secure the mortgage loans. This was contrary to Regulation 14(1) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2014 which states that the officer Administering the Fund shall have a charge registered on the property financed through a loan granted under these regulations and shall be entitled to have its name entered in all documents of title for such property.

In addition, there was no evidence to confirm that the borrowers provided duly signed transfer deeds and letters authorizing the Fund Administration Committee to sell their property in case of default in repayment contrary to Regulation 14(1)(c) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2014 which states that the borrower shall provide a transfer deed duly signed by the borrower and a letter authorizing the management committee to sell the property in case of default in payment.

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

4. None Charging and Remittance of Fringe Benefits Tax

Review of the loan amortization schedules provided for audit revealed that the Fund had disbursed loans amounting to Kshs.35,369,290 during the year under review to the scheme members. However, the Fund Management did not provide evidence of remittance of the applicable fringe benefit tax to the tax authorities in contravention to the provisions of Income Tax Act Cap.470 12B(1) which states that notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate, to an individual who is a director or an employee or is a relative of a director or an employee, by virtue of his position as director or his employment or the employment of the person to whom is related.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

Irregular Issuance of Loans

Review of the loan amortization schedules provided for audit revealed that the Fund had disbursed loans amounting to Kshs.35,369,290. However, there were mortgage loans that were disbursed to the members without approved copies of designs of the proposed residential property, bills of quantities in respect of the proposed developments,

renovations or repairs and official search of the title to the property intended to be purchased contrary to Regulation 9(1) of the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund) Regulations, 2014.

Further, some loan applications did not have valuation reports of the property to be purchased, loan application forms and clearance certificates of the previous loans.

In addition, it was observed that in some cases, loans were issued even though the loan applications were rejected and in other cases, the loan repayment amounts and period was not indicated.

In the circumstances, Management of the Fund did not follow the procedures specified in the Regulations when disbursing loans exposing the Fund to potential loss of funds.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

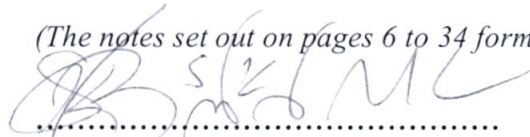

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

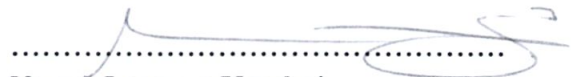
27 December, 2024

	Note	2023/2024	2022/2023
		KES	KES
Revenue from non-exchange transactions			
Public contributions and donations		-	-
Transfers from the County Government	2	-	90,000,000
Fines, penalties and other levies			-
Revenue from exchange transactions			
Interest income	4	7,164,591	5,445,519
Other income			-
Total revenue		7,164,591	95,445,519
Expenses			
Fund administration expenses			-
General expenses	7		46,805,096
Use of goods and services	7	23,078,483	
Total expenses		23,078,483	46,805,096
Other gains/losses			
Gain/loss on disposal of assets			-
Surplus/(deficit)for the period		(15,913,892)	48,640,423

(The notes set out on pages 6 to 34 form an integral part of these Financial Statements)



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Name: Shadrack Choge
Administrator of the Fund

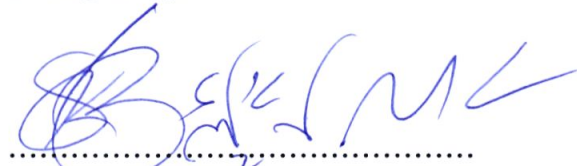


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Name: Lazarus Kemboi
Fund Accountant
ICPAK Member Number:7993

13. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Note	2023/2024	2022/2023
		KES	KES
Assets			
Current assets			
Cash and cash equivalents	11	317,550	679,493
Current portion receivables from exchange transaction	12	109,584,353	111,246,142
		109,901,903	111,925,635
Non-current assets			
Property, plant and equipment			-
Long term receivables from exchange transactions	12	201,803,104	220,022,627
Total assets		311,705,007	331,948,262
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	91,600	91,600
Provisions			
Current portion of borrowings			
Employee benefit obligations	6	2,254,653	6,584,016
Non-current liabilities		2,346,253	6,675,616
Non-current employee benefit obligation			
Long term portion of borrowings			
Total liabilities		2,346,253	6,675,616
Net assets		309,358,754	325,272,646
Revolving Fund		244,000,000	244,000,000
Reserves/Surplus for the year		(15,913,892)	48,640,423
Accumulated surplus		81,272,646	32,632,223
Prior Year Adjustment			
Total net assets and liabilities		309,358,754	325,272,646

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 18/11 2024 and signed by:



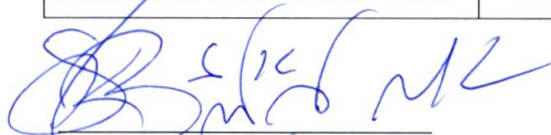
Name: Shadrack Choge
Administrator of the Fund



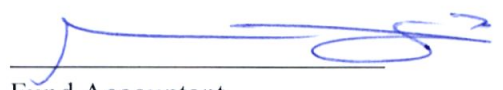
Name: Lazaus Kemboi
Fund Accountant
ICPAK Member Number:7993

14. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2024

	Revolving Fund	Revaluati or Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2022	144,000,000	-	32,632,223	176,632,223
Surplus/(deficit)for the period	-	-	48,640,423	48,640,423
Funds received during the year	100,000,000	-		100,000,000
Revaluation gain	-	-	-	-
Balance as at 30thJUNE 2023	244,000,000	-	81,272,646	325,272,646
Balance as at 1 July 2023	244,000,000	-	81,272,646	325,272,646
Surplus/(deficit)for the period	-	-	(15,913,892)	(15,913,892)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30thJUNE 2024	244,000,000	-	65,358,754	309,358,754



Fund Administrator
Name: Shadrack Choge

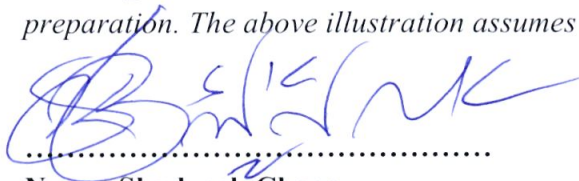


Fund Accountant
Name: Lazarus Kemboi
 ICPAK Member Number: 7993

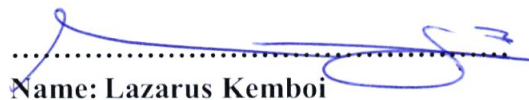
10. Statement of Cash Flows for the Year Ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			-
Transfers from the county government		-	190,000,000
Interest received	4	7,164,591	5,445,519
Receipt from members deductions on loan not issued	6	2,254,653	6,584,016
Receipts from other operating activities			
Total receipts		9,419,244	202,029,535
Payments			
Fund administration expenses			-
General expenses-	7		7,293,496
Bank charges	7	25,523	-
Other payments	12, 18	54,650,757	113,401,592
Net cash flows from operating activities		(45,257,036)	81,334,447
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			-
Payments of car re-reimbursement	7	23,052,960	39,511,600
Proceeds from loan principal repayments	5	33,860,360	33,587,774
Loan disbursements paid out	12	35,369,290	186,387,696
Net cash flows used in investing activities		(24,561,890)	(1113,288,322)
Cash flows from financing activities			
Additional capital received from county Treasury	2		100,000,000
Repayment of borrowings	18	69,456,983	73,500,000
Net cash flows used in financing activities		69,456,983	173,500,000-
Net increase/(decrease) in cash & cash Equivalents		(361,943)	(37,477,075)
Cash and cash equivalents at 1 July	11	679,493	38,156,568
Cash and cash equivalents at 30 June	11	317,550	679,493

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



Name: Shadrack Choge
Administrator of the Fund



Name: Lazarus Kemboi
Fund Accountant
ICPAK Member Number:7993

**17.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE PERIOD ENDED 30TH JUNE 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2023/24	2023/24	2023/24	2023/24	2023/2024	2023/2024
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	-		-	-	-	-
Interest income	7,200,000	-	7,200,000	7,164,591	35,409	99.5%
Other income- from Investment		-	-	-	-	0%
Total income	7,200,000	-	7,200,000	7,164,591	35,409	99.5%
Expenses						
Fund administration expenses	50,000		50,000	24,372	25,628	48.7%
General expenses	1,040,000	-	1,040,000	116,667	923,333	11.2%
Car reimbursement	24,800,000		24,800,000	23,052,960	1,747,040	92.9%
Loans disbursement	36,000,000		36,000,000	35,369,290	630,710	98.2%
Total expenditure	61,890,000	-	61,890,000	58,563,289	3,326,711	94.6%
Surplus for the period	(54,690,000)		(54,690,000)	(51,398,698)	(3,291,302)	

18. Notes to the Financial Statements

1. General Information

Uasin Gishu County Assembly mortgage and car loan scheme is established by and derives its authority and accountability from public finance management (Uasin Gishu County Assembly mortgage and car loan scheme fund) Regulations 2014. The entity is wholly owned by the County Assembly of Uasin Gishu and is domiciled in Kenya. The entity's principal activity is to provide members of the scheme with loans as per the schemes regulations and salaries and remunerations commission's guidelines.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <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;

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • 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 representatives 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> <p>Amendments to refer to the latest System of National Accounts (SNA</p>

Standard	Effective date and impact:
	<p>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>
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 recognize, 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 year 2022.

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.

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 28th **June 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There was no additional appropriation approvals added to the original budget by the entity.

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.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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 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) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus

or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) 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.

g) 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.

Summary of Significant Accounting Policies (Continued)

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The reserve were maintained by fund are derived from the surpluses made during the funds operations. These reserves are currently used as capital and loaned to members.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the fund management Committee, fund Manager and senior managers.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management (Uasin Gishu County Assembly Mortgage and Car loan Scheme Fund) Regulation 2014 under the Ministry of under Ministry of Devolution. Its ultimate parent is the County Government of Uasin Gishu.

r) Currency

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

Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.

The fund did not made provisions for bad debts and provisions for obsolete stocks.

6. Notes to the Financial Statements

1. Public contributions and donations

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

The fund did not receive public contributions and donations

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	90,000,000
Transfers From County Govt- Capital to the Fund	-	100,000,000
Total		190,000,000

Transfer from county Government comprise of kshs 100,000,000 and kshs 90,000,000 being additional capital injected to Fund and provisions for county Assembly members Car reimbursement respectively in the financial year 2022/2023. The Fund did not receive any additional funding in the Financial year under review.

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

The fund did not incur fines, penalties and other levies.

4. Interest income

Description	2023/2024	2022/2023
	KShs	KShs
Interest income from Mortgage loans and Car loans	7,164,591	5,445,519
Interest income from investments	-	-
Total interest income	7,164,591	5,445,519

The amount of Kshs 7,164,591 indicated as interest income is revenue received from loans issued to members comprising of both car loans and mortgage of the Fund during the financial year.

Notes to the Financial Statements Continued

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Principal amount recovered during the year	33,860,360	33,587,774
Accrued Income received		
Miscellaneous Income		-
Total Other Income	33,860,360	33,587,774

The principal amount recovered from loans issued during the year under review is kshs 33,860,360

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Recoveries on loans not issued to members	2,254,653	-
Total	2,254,653	-

The employee cost of ksh 2,254,653 relates to recoveries made in respect of loans to be issued to members of the Fund once they are through with the fulfillment of legal requirements necessary for them to access the loans.

7. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Administration Fees		
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Payment of car reimbursement to members	23,052,960	39,511

		,600
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	
Bank Charges	25,523	25,780
Audit Fees	-	-
Provision For Doubtful Debts	-	-
commissioner of domestic Tax (fringe benefit tax)		7,267,716
Total	23,078,483	46,805,096

8. Depreciation and Amortization Expense

Description	2023/24	2022/23
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

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

10. Gain/(loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2023/2024	2022/2023
	KShs	KShs
Access Bank- Mortgage and Car Loan Account	54,020	55,171
KCB Bank- Mortgage and Car Loan Account	37,532	8,767
Family Bank	225,998	615,555
Fixed deposits account		
On – call deposits		
Current account		
Others		
Total cash and cash equivalents	317,550	697,493

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

		2023/2024	2022/2023
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Access Bank		--	--
Equity Bank, etc		-	-
Sub- total		-	-
b) Current Account			
Access Bank	0030130000053	54,020	55,171
Kenya Commercial bank	1198735740	37,532	8,767
Family Bank	085000067887	225,998	615,555
Sub- total			679,493
c) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M -Pesa		-	-
Sub- total		-	-
Grand total		317,550	679,493

12.Receivables from exchange transactions

Description	2023/2024	2022/2023
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due		
Other exchange debtors-Uasin Gishu County Assembly	109,584,353	111,246,142
Less: impairment allowance	-	-
Total Current receivables	109,584,353	111,246,142
Non-Current receivables		
Long term loan repayments due	201,803,104	220,022,627
Total Non- current receivables	201,803,104	220,022,627
Total receivables from exchange transactions	311,387,457	331,268,769
Additional disclosure on interest receivable		
Description	2023/2024	2022/2023
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
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	201,803,104	220,022,627
Accrued principal from long-terms loans from previous periods	109,584,353	111,246,142
Current portion of long-term loans issued in the current year	17,613,606	186,387,696

13. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

At 1 st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

Notes to the Financial Statements (Continued)

16. Intangible assets

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

17. Trade and other payable s from exchange transactions

Description	2023/2024	2022/2023
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	91,600	91,600
		-
Total trade and other payables	91,600	91,600

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the Beginning of the year (1.07.2023)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilized	-	-	-	-
Change due to Discount and Time Value for Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance at the End of the year (30.06.2024)	-	-	-	-

Notes to the Financial Statements (Continued)

18. Borrowings

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance At Beginning of The Period	111,246,142	71,344,550
External Borrowings During the Year		-
Borrowings by the county assembly from the Fund During the Year	67,911,861	113,401,592
Repayments by county Assembly for Borrowings obtained from the Fund During the Period	69,456,983	73,500,000
Balance due to the Fund at End of the Period	109,701,020	111,246,142

The above borrowings relate to borrowings from the Fund by the related party, Uasin Gishu County Assembly during the financial year under review.

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

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

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

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

Notes to the Financial Statements (Continued)

19. Employee benefit obligations

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

20. Cash generated from operations

	2022/2023	2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		-
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	7,164,591	5,445,519
Receipts from other operating activities	-	
Receipt from county Treasury	-	190,000,000
Receipt from recoveries on loans not issued	2,254,653	6,584,016
Fund administration expenses	-	
General expenses- bank charges	25,523	(7,293,496)
Other payments	(54,650,757)	(113,401,592)
Net Cash Flow From Operating Activities	(45,257,036)	81,334,447

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

Other Disclosures

21. 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

	2023/2024	2022/2023
	Kshs	Kshs
Transfers From Related Parties'	69,456,983	263,350,000
Transfers To Related Parties	54,650,757	113,401,592

The Fund received kshs 190,000,000 from county Treasury in Fy 2022/2023 and transferred kshs 113,401,592 to the county Assembly during the financial year 2022/2023 out of which kshs 73,500,000 was returned relates to the period under review. In the year under review Ksh 54,650,757 was transferred to the County Assembly and the later refunded Ksh 69,456,983

c) Key management remuneration

	2023/2024	2022/20223
	Kshs	Kshs
Fund Committee Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023/2024	2022/2023
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government	109,584,353	111,246,142
Total	109,584,353	111,246,142

The amount due from related party relates to the reconciled amount due from the Fund to the county Assembly

Other Disclosures Continued

e) Due to related parties

	2023/2024	2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	91,600	91,600
Total	91,600	91,600

22. Contingent assets and contingent liabilities

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

There was no case against the County Fund.

Other Disclosures Continued

23. 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 minimize 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 counter party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

by the entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2024				
Receivables from exchange transactions	201,803,104	201,803,104		-
Receivables from non-exchange transactions	109,584,353	109,584,353		-
Bank balances	317,550	317,550		-
Total	311,705,007	311,705,007		-
At 30 June 2023				
Receivables from exchange transactions	331,268,769	331,268,769		-
Receivables from non-exchange transactions	-	-		-
Bank balances	679,493	679,493		-
Total	331,948,262	331,948,262		-

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

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 non collectable amounts that the entity has recognized 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 loans issued to members of the fund. 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2024				
Trade payables	-	-	91,600	91,600
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	2,254,653	2,254,653
Total	-	-	2,346,253	2,346,253
At 30 June 2023				
Trade payables	-	-	91,600	91,600
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	6,584,016	6,584,016
Total	-	-	6,675,616	6,675,616

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 optimizing 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 transitional 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:

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade and Other Parables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The fund does not operate with foreign currency.

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
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 endeavored to bank with institutions that offer favourable interest rates.

Sensitivity analysis

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

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:

	2023/2024	2022/2023
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	244,000,000	244,000,000
Accumulated surplus	81,272,646	32,632,223
Total funds	325,272,646	276,632,223
Total borrowings	-	-
Less: cash and bank balances	317,550	679,493
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

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.

FOLLOW UP TO PRIOR YEAR AUDITOR'S RECOMMENDATION

10.0 Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2022/2023 financial year of which no report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to section 149(2)(l) of the public finance management act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. As summarized below:

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
I.Outstanding Loans	The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,022,627.As previously reported, the balance includes in this amount are outstanding loans totaling Kshs.300,526 owed by two former Members of County Assembly (MCAs). The Fund Management however, failed to recover the loan within the five term of the assembly. Although the Management explained that the	The management has initiated the process of recovering the outstanding loan from the respective members	Not resolved	January 2025

	<p>outstanding amounts would be deducted from their terminal dues, no evidence was provided to confirm that the terminal dues would be sufficient to offset the outstanding loans.</p> <p>In the circumstances, the accuracy and completeness of the long-term receivables from exchange transactions balance of .Kshs 300,526 could not be confirmed.</p>			
Non-Performing Long-term Loans	<p>The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,022,627 as disclosed in Note 12 to the financial statements which includes a car loan amounting to Kshs.3,800,000 advanced in December, 2016 to one member. However as previously reported, the member had repaid Kshs.2,473,666 as at December, 2018 resulting to unpaid balance of Kshs.1,326,334. There was no evidence that the</p>			

	<p>additional loan repayments had been received from the member since December, 2018 to the time of audit completion since the principal and interest loan balance has since accumulated to Kshs.1,451,059 as at 30 June 2023.</p> <p>In the circumstances, the long-term receivables from exchange transactions of Kshs.220,022,627 could not be confirmed.</p>			
Budgetary Control & Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.206,500,000 and Kshs.195,445,519 respectively resulting to an under-funding of Kshs.11,054,481 or 5% of the budget. Similarly, the Fund expended Kshs.233,192,792 against an approved budget of Kshs.308,200,000 resulting to an under-expenditure of Kshs.75,707,208 or 24% of the budget. Further, the Fund had an unbalanced budget.</p>			

	The underfunding and under performance affected the provision of Mortgage and Car Loans to the members of the scheme and may have impacted negatively on service delivery to the members of the scheme.			
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Your faithfully,



Shadrack K. Choge
Clerk to County Assembly