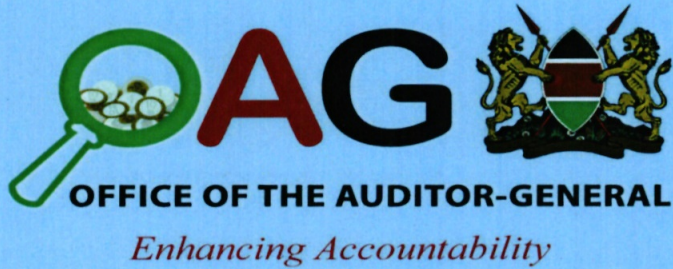


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**NYAMIRA COUNTY EXECUTIVE CAR LOAN
AND MORTGAGE SCHEME FUND**

**FOR THE YEAR
ENDED 30 JUNE, 2021**



NYAMIRA COUNTY EXECUTIVE CAR LOAN & MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

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Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Nyamira County Executive Car Loan & Mortgage Scheme Fund is established by and derives its authority and accountability from the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 on May 30, 2015. The Fund is wholly owned by the County Government of Nyamira and is domiciled in Kenya.

The fund's objectives are to:

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

b) Principal Activities

The Fund's principal activities are to:

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

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	CPA Emilly Ongaga	Chairperson
2	CPA Oyugi Barare Dominic	Administrator/Secretary
3	Harrison Momanyi	Member
4	Gladys Bogonko Momanyi	Member
5	Peris Orok	Member

d) Key Management

Ref	Name	Position
1	CPA Emilly Ongaga	County Executive Committee Member, Finance & Economic Planning
2	CPA Oyugi Barare Dominic	Chief Officer, Finance & Economic Planning
3	CPA Lawrence Nyangena	Head of Accounting Services

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA Stephen Mwencha

f) Registered Offices

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

g) Fund Contacts

Telephone: (254)-0738727272, 0735232323

E-mail: info@nyamira.go.ke

Website: www.nyamira.go.ke

h) Fund Bankers

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

i) Independent Auditors

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

j) Principal Legal Adviser

Willis Nyagarama,
Director, Legal Services,
P.O. Box 434-40500,
Nyamira,
Kenya.

2. THE FUND ADMINISTRATION COMMITTEE



CPA Emily Moraa Ongaga
CECM: Finance and Economic Planning and
Chairperson, Car Loan & Mortgage Fund
Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Mrs. Emily Moraa Ongaga holds a post graduate in Business Administration (Finance) from Egerton University and a Bachelor of Arts (Economics & Sociology) degree from the University of Nairobi.

Professional Experience

Prior to her appointment, she served as the Director Corporate Services in the National Commission for Science, Technology and Innovation. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She has a wealth of experience from various institutions spanning twenty one years.



Mr. Harrison Morogoro Momanyi
CECM: Education & Vocational Training and
Member, Car Loan & Mortgage Fund
Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Mr. Harrison Morogoro Momanyi is from Manga ward, Manga sub-county. He holds a Bachelor of Commerce degree (Accounting option)

Professional Experience

With a wealth of experience spanning 37 years, he has worked in various banks locally before moving to the United States of America. Prior to his appointment as Executive Committee Member, he served in the position of Economic Adviser to the Governor.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**



Ms. Gladys Bogonko Momanyi

***CECM: Health Services and Member, Car Loan & Mortgage Fund Management Committee
NYAMIRA COUNTY EXECUTIVE***

Academic Qualifications

Ms. Gladys Bogonko Momanyi comes from Nyansiongo ward, Borabu Sub-county. She holds a Bachelor of Arts degree in Education and a Master of Arts in Peace & Justice. Additionally, she holds a Postgraduate certification in Database, GIS and Remote Sensing.

Professional Experience

She has served in the County Government of Nyamira under various portfolios. County Executive Committee member in the departments of Public Service Management, Education & ICT and recently, has been re-appointed to the department of Health Services. She has twenty three years of work experience in public service.



Ms Peris Nyaboke Oroko

***CECM: Agriculture, Livestock & Fisheries and Member, Car Loan & Mortgage Fund Management Committee
NYAMIRA COUNTY EXECUTIVE***

Academic Qualifications

Ms. Peris Nyaboke Oroko holds a Bachelor of Science degree in Agriculture and a Master of Philosophy in Seed Science & Technology. Currently, she is pursuing her PHD in Soil Science.

Professional Experience

She has served the County Government of Nyamira as The County Executive Committee Member for Agriculture, Livestock & Fisheries to date and has twenty eight years of work experience in public service.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**



***CPA Dominic Barare Oyugi
Chief Officer, Finance & Planning
and Fund Administrator,
Car Loan and Mortgage Fund
NYAMIRA COUNTY EXECUTIVE***

Academic Qualifications

CPA Dominic Barare Oyugi hails from Bogichora ward. He has a Masters degree in Business Administration (Finance) and a Bachelors degree in Business Administration. CPA Oyugi is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Previously,

Professional Experience

CPA Oyugi worked for the County Government of Nyamira as the Director of Finance and a Deputy Director of Health, Finance and Administration. Before joining the County Government service, CPA Oyugi served as a Regional Accountant for Kenya Rural Roads Authority (KERRA) He has a total of 19 years working experience.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key objectives of the Nyamira County Executive Car Loan and Mortgage Scheme Fund are to:



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

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Nyamira County Executive Mortgage scheme fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.	Increased home ownership by the scheme members	Amount of mortgage loans advanced to scheme members	In FY 2020/2021 Nyamira county executive through the Mortgage scheme fund advanced Ksh. 15,800,000 as new loans to the scheme members
Nyamira County Executive Car Loan Scheme fund	To provide a loan scheme for the purchase of vehicles by members of the scheme.	Increased car ownership by the scheme members	Amount of car loans advanced to scheme members	In FY 2020/2021 Nyamira county executive never advanced car loans to its scheme members

4. MANAGEMENT TEAM

 <p style="text-align: center;"><i>CPA Dominic Barare Oyugi</i> <i>Chief Officer, Finance & Planning and Fund</i> <i>Administrator,</i> <i>Car Loan and Mortgage Fund</i> <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p><i>Academic Qualifications</i> CPA Dominic Barare Oyugi hails from Bogichora ward. He has a Masters degree in Business Administration (Finance) and a Bachelors degree in Business Administration. CPA Oyugi is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Previously,</p> <p><i>Professional Experience</i> CPA Oyugi worked for the County Government of Nyamira as the Director of Finance and a Deputy Director of Health, Finance and Administration. Before joining the County Government service, CPA Oyugi served as a Regional Accountant for Kenya Rural Roads Authority (KERRA) He has a total of 19 years working experience. position of Economic Adviser to the Governor.</p>
 <p style="text-align: center;"><i>CPA Lawrence Nyangena</i> <i>Head of Accounting Services</i> <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p><i>Academic Qualifications</i> CPA Lawrence Nyangena hails from Gesima ward. He has a Masters degree in Business Management (Finance) and a Bachelors degree in Business Administration. CPA Lawrence has also undertaken the Senior Management and Strategic Leadership Development courses at the Kenya School of Government.</p> <p><i>Professional Experience</i> CPA Nyangena is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) since 2011. He has a vast experience in public finance management having worked for both the County and National Governments in the same field.</p>

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

During the financial year 2015/2016, the County created a revolving mortgage scheme fund by the name Nyamira County Executive Mortgage Scheme Fund to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme (Executive Committee Member or County Public servant). The loans issued to each County Executive Committee Member would not exceed Kenya Shillings three Million, repayable within the term in office of the office bearers at an interest rate of three (3) Per cent per annum on reducing balance.

Upon operationalization of the Fund in August 2015 an initial capital of the fund of Kshs. 52,500,000 was injected from the County Treasury. No further allocation has since been appropriated.

For the financial year under review, the Fund recorded a surplus of Kshs. 141,113 up from a deficit of Kshs. 4,680,263 reported in the prior financial year ended June 30, 2020. Net assets and liabilities of Kshs. 49,458,959 were reported during the year under review, down from Kshs. 50,150,917 reported in the prior financial year ended 30th June 2020.

The existing Fund governing regulations provides for only the executive county staff as the eligible scheme members. Plans are underway to widen the scope of membership to the fund for the benefit of the other non-executive county staff as per provisions of the Salaries and Remunerations Commission circular.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Car and Mortgage Scheme Fund for the year ended 30th June 2021.

CPA Emilly Moraa Ongaga
CHAIRPERSON - MORTGAGE SCHEME FUND COMMITTEE

6. REPORT OF THE FUND ADMINISTRATOR

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

In the year under review, the Mortgage fund recorded a surplus of Kshs. 141,113 by netting total expenditure of Kshs.1,138,183 against total revenue of Kshs. 1,279,295. An initial outlay of Kshs. 52,500,000 was injected from the County Treasury during the 2015/16 financial year. With the accumulated deficit brought forward from the previous periods of Kshs. 3,207,236, the Fund recorded total net assets and liabilities of Kshs. 49,458,959.

During the year under review, loan disbursements totalling to Kshs. 15,800,000 were done to scheme members. Principal loan recoveries of Kshs. 12,415,264 were done. The Fund ended up with Ksh 7,806,862 in cash and cash equivalents and loan receivables from scheme members of Kshs. 41,652,097; being Kshs. 37,033,838 and Kshs. 4,618,259 short-term and long-term respectively.

The existing Fund governing regulations provides for only the executive county staff as the eligible scheme members. Plans are underway to widen the scope of membership to the fund for the benefit of the other non-executive county staff as per provisions of the Salaries and Remunerations Commission circular.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Car and Mortgage Scheme Fund for the year ended 30th June 2021.



CPA Oyugi Barare Dominic
FUND ADMINISTRATOR

7. CORPORATE GOVERNANCE STATEMENT

After the August 2017 general election that saw the re-election of the governor, H.E. John Obiero Nyagarama to office, ten County Executive Committee members were appointed to office for a two years term with effect from November 1, 2017. One of the appointed CECMs resigned. Upon expiry of the first two years term, the remaining nine CECMs were reappointed and held office until December 2020 upon the unfortunate demise of Governor John Obiero Nyagarama. H.E. Amos Nyaribo took over as the new County Governor on 29th December 2020. The new governor thereafter appointed ten County Executive Committee members (CECMs). Four of these CECMs plus two other County staff members serve in the County Executive Mortgage Scheme Fund management committee as appears on the Fund Administration Committee section on page 4.

8. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the fund recorded a surplus of Kshs. 141,113 up from a deficit of Kshs. 4,680,263 reported in the prior financial year ended June 30, 2020. The existing Fund governing regulations provides for only the executive county staff as the eligible scheme members. The management tabled a proposal to widen the scope of membership to the fund for the benefit of the other non-executive county staff before the County assembly. The proposal is under consideration by the said oversight body. Once this proposal is passed, the management expects to record more interest which is the major source of income from exchange transactions. This will in turn improve the financial performance of the fund and ensure its sustainability.

The fund, through the aid of a payment of Kshs. 583,729 by the County Executive on behalf of the entity was able to make good the June 30, 2020 fringe benefit tax arrears of Kshs. 336,666 and a further Kshs. 247,063 fringe benefit tax for the year under review. As such, all outstanding tax obligations stood cleared by the end of the financial year under review.

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

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

During the financial year under review, the entity did not engage in any corporate social responsibility activity. The fund, however, intends to start engaging in corporate social responsibility activities upon widening the scope of the Scheme to cover more members.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Fund Administration Committee submits their report together with the unaudited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are to:

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

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 18

10.3 Trustees

The members of the Fund Management Committee who served during the year are shown on page 4.

10.4 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 Management Committee



CPA Emilly Moraa Ongaga

CHAIRPERSON - MORTGAGE SCHEME FUND COMMITTEE

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 established by Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

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

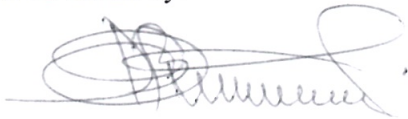
**Nyamira County Executive Car Loan & Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

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

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

Approval of the financial statements

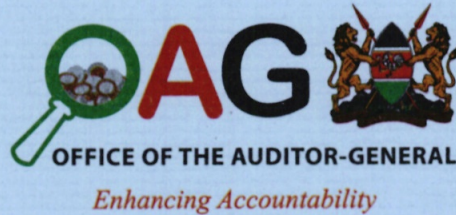
The Fund's financial statements were approved by the Board on 15th September 2021 and signed on its behalf by:



CPA Oyugi Barare Dominic
FUND ADMINISTRATOR

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Nyamira County Executive Car Loan and Mortgage Scheme Fund set out on pages 18 to 40, which comprise of the

Report of the Auditor-General on Nyamira County Executive Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2021

statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyamira County Executive Car Loan and Mortgage Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

Unrecovered Loans

As disclosed in Note 6 to the financial statements, the statement of financial position reflects current portion of long term receivables from exchange transactions balance of Kshs.37,033,838 which includes non-performing loans owed by nine (9) County Executive Committees members and the late Governor amounting to Kshs.20,007,261. However, no documentary evidence was seen to confirm whether these non-performing loans were fully insured and the mortgaged properties secured through registered charges.

In the circumstances, the accuracy and recoverability of the un-serviced loans balance of Kshs.20,007,261 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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 money has not been applied lawfully and in an effective way.

Basis for Conclusion

1. Disbursement of Mortgage Loans

Note 6 to the financial statements reflects current portion of long-term receivables from exchange transactions balance of Kshs.37,033,838 which includes loan disbursements totalling Kshs.15,800,000. However, review of these disbursements revealed that applications for these loans were not supported with adequate relevant documents including copies of designs of the proposed residential property duly approved by the relevant department of the County Government, bills of quantities or renovation/repair specifications and Management Committee approval minutes as provided for in the mortgage regulations.

In the circumstances, the regularity of the loan disbursements totalling Kshs.15,800,000 could not be confirmed.

2. Failure to Register Charges on Securities

The Fund's statement of financial position reflects a balance of Kshs.37,033,838 under current portion of long-term receivables from exchange transactions and a balance of Kshs.4,618,259 under long term receivable from exchange transactions, all totalling Kshs.41,652,097. Review of the title deeds securing the mortgage loans revealed that the Fund had not registered charges on the title deeds to reflect its interest in the properties and secure the outstanding loans. This is contrary to Regulation 16(1) of the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015 which requires the County Government to have a charge registered on the property financed through a loan granted and to have its name entered in all documents of title for such property.

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

3. Lack of Mortgage Protection and Fire Policy

Review of the mortgage protection risk notes revealed that scope of cover was death and permanent disability and the time of risk cover commenced on 26 March 2021, thus leaving out the loans un-insured for nine (9) months during the period under review. This is contrary to Regulation 17(1) of the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015 which requires a borrower to take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Committee.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of Conclusion

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 September, 2022

Report of the Auditor-General on Nyamira County Executive Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2021

Nyamira County Executive Car Loan & Mortgage Scheme Fund
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13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021.

	Note	2020/2021	2019/2020
		KShs.	KShs.
Revenue from non-exchange transactions			
Transfers from the County Government	1	583,729	1,793,447
		583,729	1,793,447
Revenue from exchange transactions			
Interest Income	2	695,567	881,496
Total Revenue		1,279,295	2,674,943
Expenses			
Fund administration expenses	3	885,000	7,015,000
General expenses	4	253,183	340,206
Total Expenses		1,138,183	7,355,206
Surplus(Deficit) for the period		141,113	(4,680,263)

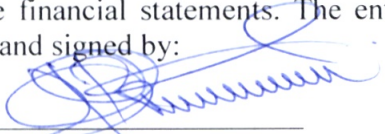
The notes set out on pages 34 to 37 form an integral part of these Financial Statements.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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For the year ended June 30, 2021**

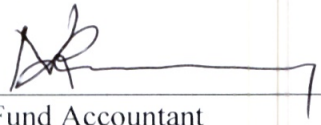
13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs.	KShs.
Assets			
Current assets			
Cash and cash equivalents	5	7,806,862	11,452,753
Current portion of long term receivables from exchange transactions	6	37,033,838	20,271,034
		44,840,700	31,723,786
Non-current assets			
Long term receivables from exchange transactions	6	4,618,259	18,427,130
Total Assets		49,458,959	50,150,917
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	7	284,854	1,117,925
Non-current liabilities			
Total Liabilities		284,854	1,117,925
Net Assets			
Revolving Fund		52,500,000	52,500,000
Accumulated surplus		(3,325,895)	(3,467,008)
Total net assets		49,174,105	49,032,992
Total net assets and liabilities		49,458,959	50,150,917

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 15th September 2021 and signed by:



Administrator of the Fund
Name: CPA Oyugi Barare Dominic
ICPAK Member Number: 15694



Fund Accountant
Name: CPA Rael Nyandika
ICPAK Member No: 15865

Nyamira County Executive Car Loan & Mortgage Scheme Fund
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13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Revolving Fund	Accumulated surplus	Total
		KShs.	KShs.
Balance as at 1 July 2019	52,500,000	1,213,255	53,713,255
Surplus/(deficit) for the period	-	-4,680,263	-4,680,263
Balance as at 30 June 2020	52,500,000	-3,467,008	49,032,992
Balance as at 1 July 2020	52,500,000	-3,467,008	49,032,992
Surplus/(deficit) for the period	-	141,113	141,113
Balance as at 30 June 2021	52,500,000	(3,325,895)	49,174,105

Nyamira County Executive Car Loan & Mortgage Scheme Fund
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13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs.	KShs.
Cash flows from operating activities			
Receipts			
Interest received	2	629,965	601,158
Receipts from other operating activities		-	
Total Receipts		629,965	601,158
Payments			
Fund administration expenses	3	885,000	7,015,000
General expenses	4	6,120	3,540
Total Payments		891,120	7,018,540
Net cash flows from operating activities		(261,155)	(6,417,382)
Cash flows from investing activities			
Proceeds from loan principal repayments		12,415,264	16,870,414
Loan disbursements paid out		(15,800,000)	(15,000,000)
Net cash flows used in investing activities		(3,384,736)	1,870,414
Net (decrease) in cash and cash equivalents		(3,645,890)	(4,546,968)
Cash and cash equivalents at 1 JULY 2020	5	11,452,753	15,999,721
Cash and cash equivalents at 30 JUNE 2021	5	7,806,862	11,452,753

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization	Notes
	2021	2021	2021	2021	2021	
	KShs.	KShs.	KShs.	KShs.		
Revenue						
Transfers from County Govt.	0	0	0	583,729		(a)
Interest income	841,035	0	841,035	695,567	83%	(b)
Total income	841,035	0	841,035	1,279,295		
Expenses						
Fund administration expenses	25,231	0	25,231	885,000	3508%	
General expenses	341,414	0	341,414	253,183	74%	
Total expenditure	366,645	0	366,645	1,138,183		
Surplus (Deficit) for the period	474,390	0	474,390	141,113		

Notes

(a) The County Government paid outstanding fringe benefit tax of Kshs. 583,729 on behalf of the entity

(b) During the financial year there were major changes in the County Executive's Key Management. This adversely affected the projected interest income

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021

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<p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p>	<p>There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.</p>
<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p>There was no impact of the amendment to IPSAS 33 with respect to the current financial report as the entity has always reported on the Accrual Basis International Public Sector Accounting Standards (IPSASs).</p>

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments

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Standard	Effective date and impact:
	<p>subject to impairment testing; and</p> <ul style="list-style-type: none"> • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</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

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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Standard	Effective date and impact:
	<p>were inadvertently omitted when IPSAS 41 was issued.</p> <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>

C) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2020/2021 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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5. Related parties

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

6. 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 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.

7. Comparative figures

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

8. Events after the reporting period

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

9. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 on May 30, 2015, under the Ministry of Finance, ICT and Economic Planning. Its ultimate parent is the County Government of Nyamira.

10. Currency

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

11. Financial risk management

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

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

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a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the management. 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 2021				
Receivables from exchange transactions	41,652,103	21,644,841	20,007,262	-
Bank balances	7,806,862	7,806,862	-	-
Total	49,458,965	29,451,703	20,007,262	-
At 30 June 2020				
Receivables from exchange transactions	38,698,164	34,717,333	3,980,831	-
Bank balances	11,452,753	11,452,753	-	-
Total	50,150,917	46,170,086	3,980,831	-

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from past beneficiaries who have since left service or died.

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.

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021				
Trade payables	284,854			284,854
Total	284,854	-	-	284,854
At 30 June 2020				
Trade payables	1,117,925			1,117,925
Total	1,117,925	-	-	1,117,925

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

d) Foreign currency risk

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

e) 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. The entity maintains a non-interest earning current account for its bank deposits and as such has no exposure to interest rate risk.

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f) 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:

	2020/2021	2019/2020
	KShs	KShs
Revolving fund	52,500,000	52,500,000
Accumulated surplus (deficit)	(3,325,895)	(3,467,008)
Total funds	49,174,105	49,032,992
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

**Nyamira County Executive Car Loan & Mortgage Scheme Fund
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14. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Payments by County on behalf of the entity	583,729	1,793,447
Total	583,729	1,793,447

In June 2021, the County Government made a payment of Kshs. 583,729, being outstanding fringe benefit tax as at June 30, 2021, to KRA on behalf of the Mortgage Fund

2 Interest Income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income received from mortgage loans	629,965	601,158
Interest accrued and capitalized	65,602	280,338
Total interest income	695,567	881,496

Interest was charged at 3% per annum on reducing balance. For the period under review, an interest of Kshs. 65,602 accrued and was capitalized

3 Fund Administration Expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 3a)	885,000	7,015,000
Total	885,000	7,015,000

3(a) Staff Costs

Description	2020/2021	2019/2020
	KShs	KShs
Staff training expenses	-	474,200
Other staff costs	885,000	6,540,800
Total	885,000	7,015,000

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4 General expenses

Description	2020/2021	2019/2020
	KShs	KShs
Bank charges	6,120	3,540
Fringe benefit tax	247,063	336,666
Total	253,183	340,206

5 Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Nyamira County Executive Mortgage Account	7,806,862	11,452,753
Total cash and cash equivalents	7,806,862	11,452,753

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

Description		2020/2021	2019/2020
Financial institution	Account number	KShs	KShs
c) Current account			
Equity Bank	0520278737966	7,806,862	11,452,753
Total		7,806,862	11,452,753

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6 Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Current loan repayments due	37,033,838	19,504,867
Other exchange debtors - Unremitted payroll deductions	-	766,167
Total Current receivables	37,033,838	20,271,034
Non-Current receivables		
Long term loan repayments due	4,618,259	18,427,130
Total Non-current receivables	4,618,259	18,427,130
Total receivables from exchange transactions	41,652,097	38,698,164

7 Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Accrued expenses - Fringe benefit tax	-	336,666
Other payables - overpayments	284,854	781,259
Total trade and other payables	284,854	1,117,925

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8 Related party balances

a) Related party transactions		
	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	583,729	1,793,447
Transfers to related parties		

b) Key management remuneration		
	2020/2021	2019/2020
	KShs	KShs
Board of Trustees		
Key Management Compensation		
Total	-	-

c) Due from related parties		
	2020/2021	2019/2020
	KShs	KShs
Due from County Government		766,167
Total	-	766,167

d) Due to related parties		
	2020/2021	2019/2020
	KShs	KShs
Due to County Government	6,234	
Total	6,234	-

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15. 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.

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)
Basis for Qualified opinion				
1.0	Presentation of Financial Statements	The Fund's financial statements have since been amended and prepared in accordance with the IPSAS and as stipulated in PSASB template	Resolved	
2.0	Fund Administration Expenses	It is regrettable that prior authorization for the meetings held was not availed for audit review. The management commits to ensure prior authorization for any subsequent meetings	Not resolved	June 2022
3.0	Disbursement of Mortgage Loans	The management commits to ensure strict and complete adherence to the set regulations for any subsequent disbursements	Not resolved	June 2022

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Other Matter				
1.1	Revenue Analysis	The management commits to relook at its budget making process with a view of coming up with more realistic target	Not resolved	June 2022
1.2	Expenditure Analysis	The management commits to relook at its budget making process with a view of coming up with more realistic estimates.	Not resolved	June 2022
Basis for Conclusion				
1.1	Failure to Register a Charge on Securities	The management commits to ensure strict and complete adherence to the set regulations for any subsequent Fund activities.	Not resolved	June 2022
2.0	Lack of Valuation Reports on Securities	The management commits to ensure strict and complete adherence to the set regulations for any subsequent Fund activities.	Not resolved	June 2022
3.0	Failure to Register Charge on Securities	The management commits to ensure strict and complete adherence to the set regulations for any subsequent Fund activities.	Not resolved	June 2022
4.0	Non-Remittance of the Fringe Benefit Tax	The accrued fringe benefit tax has since been remitted to KRA	Resolved	

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5.0	Training Needs Assessment	The management commits to ensure that subsequent trainings will be subject to training needs assessment.	Not resolved	June 2022
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