

REPORT

OF

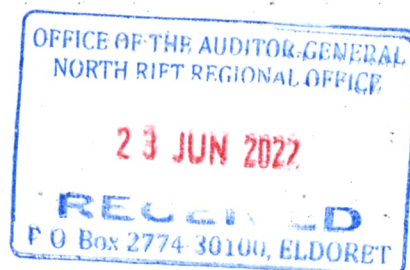
PAPERS LAID	
DATE	8/11/2021
TABLED BY	Gerate Mgonyi Khip
COMMITTEE	
CLERK AT THE TABLE	I. Mbaya

THE AUDITOR-GENERAL

ON

**NANDI COUNTY ASSEMBLY CAR LOAN
(MEMBERS) SCHEME FUND**

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



NANDI COUNTY ASSEMBLY SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

NANDI COUNTY ASSEMBLY SCHEME FUND

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Nandi County Assembly Scheme Fund was established by Public Finance Management (Nandi County Assembly Members Scheme Fund) Regulations of 2014 that repealed and replaced with the Nandi County Assembly Scheme Fund Regulations of 2021 and derives its authority from the Public Finance Management Act Section 116. The Fund is wholly owned by the County Assembly of Nandi and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purposes of purchase of vehicles by members of the scheme and purchase, development, renovation or repair of residential property by members of the Scheme as per Salaries and Remuneration Commission (SRC) Guidelines PFM Act and PFM regulations.

b) Principal Activities

The principal activities of the Fund are;

- (a) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- (b) To provide a loan scheme for the purchase of vehicles by members of the Scheme.

c) Fund Administration Committee

Ref	Name	Position
1.	Mr. Barnaba GK Kosgei	Chairman
2.	Mr. Henry Kipkorir Tarus	Vice Chairman
3.	Mr. Wesley Cheruiyot Kimetto	Member
4.	Mr. Luke Kimutai Cherutich	Member
5.	Mr. Justice Kipyego Kirui	Member
6.	Mr. Bonface Kiptoo	Member
7.	Mrs. Lilian Chebet	Member

d) Key Management

Ref	Name	Position
1.	Mr. Barnaba GK Kosgei	Chairperson, FAC
2.	CPA Isaac Kiplagat Tum	Funds Administrator and Secretary, FAC
3.	CPA Wesley Kimetto	Fund Accountant and Treasurer, FAC
4.	Mr. Lilian Chebet	Member, FAC
5.	Mr. Henry Kipkorir Tarus	Member, FAC
6.	Mr. Boniface Kiptoo	Member, FAC
7.	Mr. Justice Kipyego Kirui	Member, FAC
8.	Mr. Luke Kimutai Cherutich	Member, FAC

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e) Fiduciary Oversight Arrangements

- *County Assembly Service Board*
- *Internal Audit Reports*
- *County Assembly Inspection and Acceptance Committees*

f) Registered Offices

C/o Fund Administrator,
NCA Scheme Fund,
Former Nandi County Council Building; Wilfred Bungei Street
P.O. Box 673-30300, Kapsabet,
Kapsabet, KENYA

g) Fund Contacts

Telephone: (254) 0535252039
E-mail: funds@nandiassembly.go.ke
Website: www.nandiassembly.go.ke/fund

h) Fund Bankers

1. Credit Bank Limited,
Zion Mall, Eldoret Branch, Uganda Road,
P O Box 61064 – 00200,
NAIROBI
2. Housing Finance Company of Kenya Limited,
KVDA Plaza, Oloo /Utalii Street,
PO Box 9015-30100,
ELDORET

i) Independent Auditors

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

j) Principal Legal Adviser

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

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2. THE MEMBERS, LOANS MANAGEMENT COMMITTEE (LMC)

The Loans Management Committee Members during the financial year consisted of:

	Osborn Komen – Chair, Loan Management Committee (LMC) Osborn Komen, born in the year 1972, is a holder of BSc degree from the University of Nairobi and serves as the Vic-Chairman, County Assembly Service Board, a post that confers the privilege to Chair to the Loans Management Committee under the approved regulations. Before his appointment, he served as a senior officer at the Kenya Ports Authority. He has also held various top management positions in different institutions for over 20 years.
	Hon. Eliud Kirongo, Member Eliud Kirongo, born in the year 1986, is a holder of Bachelor's degree in Education from the Masinde Muliro University of Technology. He is currently a second term member of the Nandi County Assembly serving as the Leader of the Minority Party at the Nandi County Assembly since March 2013.
	Hon. Pius Murrey, Member Pius Murrey, born in 1970, is a holder of B. Com Finance degree from the University of Nairobi. He is also a second term member of the Nandi County Assembly. Before his appointment, he served as a Vice chairman at the Nandi County Assembly Public Investment and Accounts Committee in the first County Assembly. He has also held various management positions in different Savings and Credit Cooperative organizations for over 20 years prior to joining political leadership.
	Hon. Hillary Serem, Member Hillary Serem, born in 1984, is a holder of Bachelors' degree in Business Management (Accounting) degree from the Moi University. He is a first term member of the Nandi County Assembly and before his appointment; he served as a Vice chairman at the Nandi County Assembly Public Investment and Accounts Committee in the second County Assembly. He has also held various management positions in different Cooperative Bank of Kenya Ltd for over 10 years prior to joining political leadership.

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Mr. Barnaba GK Kosgei – Clerk

Mr. Barnaba GK Kosgei, born in 1966, was appointed to serve as the first Clerk of Nandi County Assembly on 10th March 2013. He holds a Master's degree in Business Administration Degree (Strategic Management) from the Kenyatta University. Before his appointment as the clerk, he served as a Clerk at various local authorities over a period of 15 years before the establishing laws of those authorities was repealed in 2010.



Hon. Fredrick Kipkemboi, Member

Fredrick Kipkemboi, born in 1974, is a second term member of the Nandi County Assembly. Before his appointment, he served as a Chairman at the Nandi County Assembly Justice and Legal Affairs Committee in the first County Assembly. For over 20 years, he led various community-based organizations and welfare groups in fund raising towards the establishment of the now successful Nandi Youth Bunge, registered boda boda and mechanic Operators SACCOs within Kapsabet prior to joining political leadership.



Hon. Margaret Nyauntu, Member

Margaret, born in the year 1955, is a first term nominated member of the Nandi County Assembly. Before her appointment, she served as a Member at the Nandi County Assembly Budget and Appropriations Committee in the first County Assembly. For over 20 years, prior to joining political leadership, she taught at various primary schools within Nandi County, before retiring to venture in construction and supplies businesses.



CPA Isaac Kiplagat Tum – Fund Administrator

Born in 1985, is serving as a Principal Fiscal Analyst to the County Assembly of Nandi and Fund Administrator. Mr. Tum is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) in good standing. He is also a graduate of Maseno University

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

The key development objectives of the Nandi County Assembly Scheme Fund 2018-2022 plan are to:

- Disburse at least KShs. 300 million to members of the Scheme Fund
- Recover principal repayments within the five years to August 2022 KShs.200 million.
- Discharge collaterals of the scheme borrowers as and when they clear dues.

Progress on attainment of strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
1. Disbursement	To disburse to the scheme members at least KShs. 300 million in forms of car and mortgage loans	By the end year ended June 30 2021, the Scheme Fund had loaned out KShs. 311,733,500 and disbursed out the approved car grants of KShs. 82,000,000.	63 currently loan borrowers repaying loans	65% scheme fund members funded
2. Recovery	- To seek the Treasury release of KShs.69 million still held in the County Treasury. - To recover no less than KShs.200 million before August 2022.	- The recovery of the KShs. 69 million still held at the County Treasury was not achieved in the year to June 30, 2021 and - The total recovery was over of Kshs.99 million as of June 30, 2020	- Cash transfer to Fund Accounts and - All borrowers currently repaying loans and all loans insured.	50%
3. Custody and discharge of collaterals	- To charge for each and every title - To ensure that all the motor vehicles acquired are registered in the joint names of the County Assembly and the scheme fund borrower	- Properties were revalued to consider the worth - Failed to secure spousal consent, therefore unable to charge	No default in submission of the land title deed and particular custodial service under lock and key	100%

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4. MANAGEMENT TEAM

The management during the financial year consisted of the following members comprising Fund Administration Committee (FAC):

	Mr. Barnaba GK Kosgei-The Chairman, Fund Administration Committee He was born in 1966. He is serving as the first and current Clerk of Nandi County Assembly. He holds a MBA (Strategic Management) from the Kenyatta University. He also has a Bachelor's Degree in Human Resource Management from Moi University and is a member of both the IHRM-K and SOCATT. Before his appointment as the clerk, he served as a Clerk at the now defunct local (County and Municipal) authorities over a period of 15 years.
	CPA Isaac Kiplagat Tum – Fund Administrator CPA Isaac Kiplagat Tum, born in 1985, was appointed as the Fund Administrator on 5th October 2018. He is serving as a Principal Fiscal Analyst to the County Assembly of Nandi. Mr. Tum is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) in good standing. He is also a graduate of Maseno University. He has a wealth of 10 years' experience gained in banking sector, the then Ministry of Planning. National Development and Vision 2030 (currently Ministry of Devolution and ASAL) and the tertiary college level academic services.
	CPA Wesley Kimetto – Fund Accountant CPA Wesley Kimetto Cheruiyot, born in 1967, was appointed as the Fund Accountant on 5th October 2014. He is serving as a Director, Finance and Strategy to the County Assembly of Nandi. Mr. Kimetto is a member of the ICPAK in good standing. He is also a graduate of Maasai Mara University and a member of the Institute of Certified Public Secretaries of Kenya. He holds a 20 year public finance management experience gained while working in various segments within the public sector.
	Lilian Chebet - Member, FAC Lilian, born in 1984, is a holder of Bachelor's degree in Business Management (Human Resources Management) from Moi University and is serving the County Assembly as the Principal Human Resources Officer (Payroll Manager), since May 2020. Prior to her promotion, she served the County Assembly as human resources officer since her initial employment by the Board in May 2014

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Henry Kipkorir Tarus- Member, FAC

Born in 1983, Tarus is the Director, Administration and Human Resource Management having joined the County Assembly service from the Safaricom Limited in April 2014 where he rose through ranks to the position of Principal Officer, HRM. He holds a MBA (Human Resource Management) qualification from the University of Nairobi and is both a member of good standing at the IHRM. He also holds particular trainings on senior management and strategic leadership and development among other specialized trainings gained in service from the Kenya School of Government.



Boniface Kiptoo

Born in 1989, Bonface Kiptoo is currently serving as the Principal Clerk Assistant (Head of Committee Services) at the County Assembly of Nandi since July 2020. Prior to this promotion he had served in various capacities handling matters both as a Legal Assistant and Clerk Assistant since year 2014. He previously practised as a civic body's consultant practitioner in Kapsabet serving both legal documentation examiner and grassroots advocate on various legal matters of interest to the community. He holds a BA degree in Public Administration and Political Science from Kisii University and a diploma in law from the Mt Kenya University



Justice Kipyego Kirui

Born in 1984, Mr. Justice Kipyego Kirui is a High Court advocate in good standing at the Law Society of Kenya. He is the Principal Legal Officer, County Assembly of Nandi and holds both a Bachelor's Degree from Moi University and post graduate diploma from the Kenya School of Law.

He ran privately practice handling litigation, conveyance and treaties as an advocate of the high court and commissioner of oaths in Kapsabet Town prior to joining the County Assembly of Nandi as a legal officer in 2014.



Luke Kimutai Cherutich - Member

Born in 1973, Luke is an experienced budget professional holding Bachelor's degree in Business Management (Accounting Option)-Moi University and CPA qualifications. He is has over 20 years long experience in public sector audits, economic planning, budgeting and fund operations gained from past service at various local authorities. He is currently a Principal Finance Officer in charge of compliance at the County Assembly of Nandi.

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5. BOARD/FUND CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the Management Committee of Committee Members, the Nandi County Assembly Scheme Fund-Mortgage and Car Loans financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Loans Management Committee Changes

The Management Committee established a taskforce with the mandate to review and interrogate the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The taskforce carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organisation arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

The fund anticipates to be earning its revenues from public contributions and donations, the County Assembly and other revenues from other exchange transactions. While the incomes from both public contributions/donations and the transfers from the County government of Nandi were nil, principal loans repayments were **KShs. 38,604,498** in the period and **KShs. 4,615,836** earned as interests from loan disbursements and the interest incomes from fixed deposit account were **KShs. 625,244**. Income from exchange transactions contributed nil balance during the year under review. Income before deductions of expenses increased by 15.66% from **KShs. 4,531,482** to **KShs. 5,241,080** owing to increased number of borrowers and favourable environment that enabled transfers from county government operations in the period under review.

Projects implementations during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening cash balance of **KShs. 99,997,637** at the beginning the year.

Expenditures

The finance costs during the period amounted to **KShs. 8,280**. Loan processing costs (insurance costs) amounted to **KShs. 1,551,967** and Car Grants to Members of County Assembly of Nandi totaled **KShs. 82 million**. Thus the gross expenditure was **KShs. 83,560,247** during the period, a rise compared to previous year.

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Future outlook

The outlook of the Fund for 2021/2022 looks brighter. The fund established other funds for 18-month car loan scheme to staff from recoveries arising from loans to Member of County Assembly. The aim is to ensure that the asset balance of the fund grows but the funds become available to members who will be elected or nominated in the year 2022. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

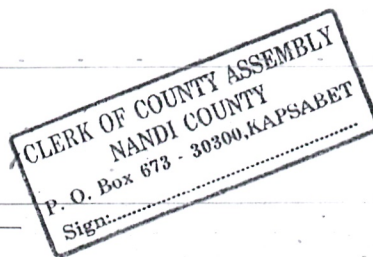
Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow Committee Members for their continued support which made us achieve these results.

I look forward to the year 2021/2022.

Signed: _____

Barnaba GK Kosgei



Barnaba GK Kosgei,
Chairperson, the Fund Administration Committee

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6. REPORT OF THE FUND ADMINISTRATOR

The Fund began in the FY 2013/2014 with a disbursement of **KShs. 245 million** to Members of the County Assembly following an approval of supplementary budget of the County Assembly budget in February 2014. The disbursement was done by the County Treasury to the 50 members of the County Assembly that included the Speaker to a tune of **KShs. 5,000,000** each which is the capping on the possible disbursement to the MCAS. The rate of interest is 3% as per SRC guidelines. However, the period to maturity of the loans was set at 40 months in order to ensure that the deductions will have been done before the exit of the members from the County service.

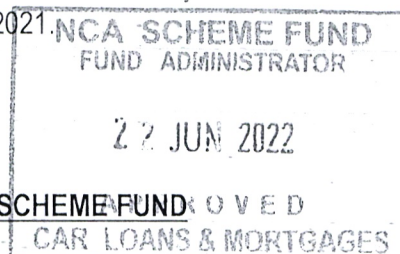
The Scheme Fund net incomes decreased from **KShs. 4,525,048** to **KShs. (78,319,167)**. This represents a significant decrease in revenues compared to the same period in FY 2019/2020. The following table represents the capital invested in the revolving fund since 2013/2014 when the first funding was made.

PARTICULARS	FINANCIAL YEAR	AMOUNT
1st Exchequer Release to the Fund	2013/2014	245,000,000.00
2nd Exchequer Release to the Fund	2017/2018	20,000,000.00
Cash Deposit from County Assembly while opening an account that was eventually closed.	2017/2018	2,000.00
3rd Exchequer Release to the Fund	2018/2019	22,000,000.00
Fourth Exchequer Releases to the Fund	2020/2021	4,100,000.00
		291,102,000.00

We look forward to a more favourable financial year 2020/2021.
 Thanks.

CPA ISAAC KIPLAGAT TUM,

FUND ADMINISTRATOR, NANDI COUNTY ASSEMBLY SCHEME FUND



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7. CORPORATE GOVERNANCE STATEMENT

Preface

The NCA Member's Scheme Fund for Mortgage and Car Loan is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. In line with Section 167 of the PFM Act 2012, the fund administrator caused the preparation of these financial statements in FY 2017/2018, in FY 2018/2019 and in FY 2019/2020 which have already been audited. Its mandate is to provide mortgage and car loans to public and state officers of the County Assembly of Nandi.

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. The operations of the fund were then governed by a Public Finance Management Regulations enacted in 2014 which were repealed by the County Assembly of Nandi on January 31, 2018 upon enactment of Public Finance Management (Nandi County Assembly Members' Scheme Fund Mortgages and Car Loans) Regulations, 2018 to govern the operations of the fund. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

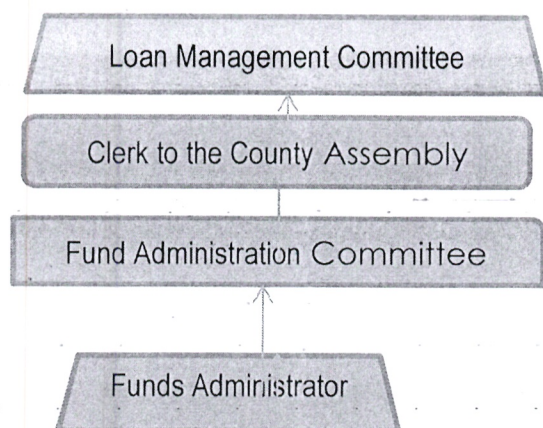
Fund Committees

Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the two committees;

- (a) the Fund Administration Committee and
- (b) Loans Management Committee.

While the Fund Administration Committee constituted from among administrative staff of the County Assembly of Nandi who hold fiduciary responsibilities, the Loan Management Committee is the apex body of the Fund. The Clerk to the County Assembly sits in both committees; as a Chairman of the Fund Administration Committee and a secretary to the LMC. However, as at the end of the FY 2018/2019, the LMC membership had not been adopted by the County Assembly as a required by the regulations and therefore the Fund Administration Committee ran all the activities as the only fully constituted committee. The Fund Administration Committee meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets in the performance contract signed with the county assembly. The Fund Administration Committee also plays an oversight role over all other financial and operational issues.

Organization Structure



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Statement of Compliance

The Fund Administration Committee confirms that the fund has throughout the FY2020/2021 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

Committee meetings

The Fund Administration Committee held two (2) meetings in each of the twelve months throughout the year ending June 2021 while the Loans Management Committee met seven times during the year. Therefore, during the year under review, the Fund Committees held 31 meetings in total and members' attendance during the period was as follows;

	Loans Management Committee		Fund Administration Committee		
	No of Meetings	Members' Attendance	No of Meetings	Members' Attendance	Total No of Meetings
Jul-20	1	5	2	7	3
Aug-20	0	0	2	6	2
Sep-20	1	4	2	7	3
Oct-20	0	0	2	7	2
Nov-20	0	0	2	6	2
Dec-20	1	6	2	7	3
Jan-21	1	4	2	5	3
Feb-21	1	6	2	7	3
Mar-21	0	0	2	4	2
Apr-21	1	5	2	7	3
May-21	0	0	2	5	2
Jun-21	1	6	2	7	3
	7		24		31

Succession plan

The Fund Committees are to transition in the next financial year with the election campaign period commencing, this phenomenon especially affecting the membership of the Loans Management Committee. To this extend the Scheme Fund has the following plans;

1. Drafting regulations to introduce new membership of the Loans Management Committee who shall be representatives of the Scheme Fund banks, an external member representing the public interest and representative of the County Assembly Service Boards secretariat.

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The approval of these regulations, in either its current form or amended version, will be largely dependent upon the County Assembly of Nandi.

2. Employment of one staff. The Loans Management Committee had in the year 2020-2021 considered this proposal, advertised for applications and a selection of Mrs Eunice Chëbitok who qualified during the interview for the position of a Fund Clerk had been done. A meeting to ratify this decision is scheduled to be undertaken at the County Assembly Service Board of Nandi in due course during the year 2021-2022.

Existence of a service charter

While currently there is no approved service charter, the Scheme Fund awaits the approval of regulations to enhance the promulgation of service charter consistent with those regulations.

Process of appointment and removal of trustees

Currently the process of appointment and removal of trustees is within the discretion of the accounting officer to the Fund, the Clerk of the County Assembly of Nandi, as per the approved regulations.

The roles and functions of Trustees

The primary purpose of the loans management and fund administration committees are to approve loans disbursements, financial statements and strategy reports.

Induction and training

The members of the committees underwent various trainings during the year.

Conflict of interest

There have been no reports in the conflict of interest register to warrant discussion. There are no imminent threats of compromise of integrity of officers at the moment. However, with the anticipated employment of the clerical staff to the Fund.

Board Remuneration

There were no board remunerations during the year under review.

Ethics and Conduct

The officers' assigned responsibilities to work within the structures of the fund are guided by the laws governing the public finance management and the constitutional foundations guiding ethics and integrity.

Governance audit

The governance audit was undertaken by a team of consultants and report was tabled at the County Assembly Service Board for review and possible adoption. The audit comments, advisory opinions and recommendations arising from the exercise shall inform the Loans Management Committee and the Board on establishment of scheme of service of officers to serve in the Scheme Fund.

Fund Administration Committee changes

There were neither fund administration committee changes or loan management committee member's reconstitution or amendment of list of members during the period.

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Auditor

The fund is audited by the Auditor-General. The Office of the Auditor conducted the first external audit for the financial operations of FY 2017/2018 which gave the fund an adverse opinion. The subsequent two audits have consequently given the Fund qualified opinion.

Approval of the corporate governance statement

The corporate governance statement was approved by the Fund Administration Committee on **9th November 2021** and signed on its behalf by:



Isaac Kiplagat Tum, Fund Administrator,
NCA MEMBERS' SCHEME FUND.



8. MANAGEMENT DISCUSSION AND ANALYSIS

5.1 PREFACE

The fund has continued to grow over the 5 years since its establishment and the management has put measures in place to safeguard against risks. The management has ensured that we comply with statutory requirements relating to the functions of the fund

5.2 BUSINESS PERFORMANCE

5.2.1 Revenues

The performance of business in FY 2020/2021 was KShs. (78,319,167) down from business performance of KShs. 4,525,047.58 in a similar period in the FY 2019/2020. This represents a negative business performance of -1830.79%, mostly attributable to Presidential decree to County Governors to ensure disbursement of car grants were paid and accrued tax payments totalling KShs. 13,534,877, paid in respect of Fringe Benefit Tax, for and on behalf of the County Assembly of Nandi. The Fund received KShs. 4.1 million in FY 2020-2021 in form of transfers from County Government operations up from nil in FY 2019/2020. There was a rise in interest incomes in FY 2020/2021 from **KShs. 4,531,482** charged on loans in FY 2019/2020 to **KShs. 4,615,836** charged on loans in FY 2020/2021 and **KShs. 625,244** arising from fixed interest account of **KShs. 120 million** that lasted a month before closure of that account. The term deposit instrument was prematurely surrendered mainly because the Presidential decree referred to previously, required a payment of **KShs. 82 million** to the 39 MCAs and the Speaker. This was mainly due to the growth in number of scheme borrowers from 63 to 78 respectively.

The total expenses in the financial year 2020/2021 amounted to **KShs. 83,560,247** comprised of;

- a) Bank charges and commissions of KShs. 8,280.00 in FY 2020/2021 up by KShs. (28.68%) from KShs. 6,434.40 in FY 2019/2020
- b) Loans processing (insurance costs) expenses of KShs. 1,551,967 in FY 2020/2021 up from nil in FY 2019/2020 and
- c) Car Grants disbursement of KShs. 82 million in FY 2020/2021 up from nil in FY 2019/2020.

5.2.2 Cash flow

The cash and cash equivalents decreased from **KShs 99,997,637.2** as at 30 June 2020 to **KShs.37, 017,591** as at 30 June 2021. There was net decrease in cash and cash equivalents of **KShs. 67,080,046** during the period under review.

Summarily, the net changes in;

- 1) Cash flows from operations resulted in a net decrease of KShs. (78,944,411) comprising of incomes totalling KShs. 4,615,836 less expenses totalling KShs. 83,560,247.
- 2) Cash flow from investing activities were net increase of KShs. 25,399,242 comprising of proceeds from loan principal repayments totalling KShs. 38,604,498 less loan disbursements paid out totalling KShs. 13,830,500.

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For the year ended June 30, 2021

- 3) Cash flows from financing activities was nil in the FY 2020/2021. The regulations mandated the Fund committees with strategic decision making including on investing activities.

5.3 OPERATIONAL PERFORMANCE

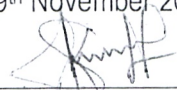
- 6.3.1 The Fund continues to encounter challenges in its cash flow management mainly because of the following reasons;
- 6.3.1.1 Failure by the County Government of Nandi to remit a total of **KShs. 69,876,335** deducted from the members of County Assembly who served between March 27th, 2013 and August 8th, 2017.
- 6.3.1.2 Unfavourable decisions during the approval of the Nandi County Budgetary decisions and delayed treasury releases to the County Assembly. In all approvals the specific allocations for the transfers to the Fund became donor votes to other needy areas. In FY 2017/2018, the appropriation as at July 1, 2017 KShs. 61 million earmarked for loans were reduced on April 30, 2018 to KShs. 20 million, while in FY 2018/2019, the County Assembly of Nandi allocation as at July 1, 2018 budgeted to be transferred to the Fund was KShs. 44 million which were later reduced to KShs. 22 million on May 2019. Similarly, in FY 2019/2020, owing the Covid-19 virus pandemic and prior amendment of County priorities and objectives, the provision of KShs. 20,800,000 in the County Assembly of Nandi Budget Estimates were transferred to more needy programs much to the detriment of the Scheme Fund. In FY 2020/2021, the budget of transfers from the County Government operations was KShs. 15 million but only KShs. 4.1 million were received in respect of those transfers, a dismal performance of 27.33%.
- 6.3.2 The Fund disbursed a total of KShs. 13,850,500 as loans based as approved loan application(s) of the 17 public officers.
- 6.3.3 The Fund recoveries from the loan disbursed to the 61 Scheme Fund borrowers were a total of **KShs. 43,845,578** from which principal repayments were KShs. 38,604,498 and corresponding interest incomes were KShs. 5,241,080. The loan book reduced from **KShs. 356,227,357** owed to the fund by 61 Scheme borrowers as at the end of the FY 2019/2020 and **KShs. 250,830,181** owed to the fund by 78 Scheme borrowers as at the end of the FY 2020/2021.

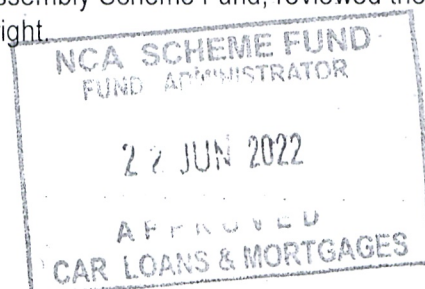
5.4 CONCLUSION

We, the management team of the Nandi County Assembly Scheme Fund, reviewed the prospects of the Fund and affirm that the Fund's outlook is bright.

We look forward to a better FY 2020/2021!

Signed on 9th November 2021, by


Isaac Kiplagat Tum, Fund Administrator,
NCA MEMBERS' SCHEME FUND



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9. REPORT OF THE LOANS MANAGEMENT COMMITTEE

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

Principal activities

The principal activities of the Fund are;

- (a) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- (b) To provide a loan scheme for the purchase of vehicles by members of the Scheme.

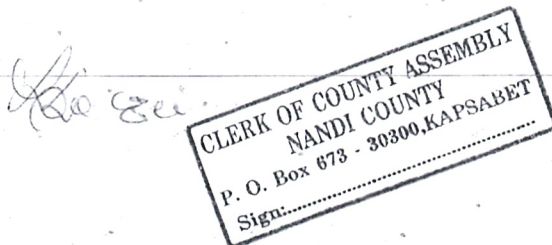
Results

The results of the Fund for the year ended June 30, 2021 are set out on page 20-25

Auditors

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

By Order of the Board



Barnaba GK Kosgei,

Member, the Loans Management Committee.

Date: 27/06/2022

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10. 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 (Nandi County Assembly Scheme Fund) Regulations of 2018 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 (Nandi County Assembly Scheme Fund) Regulations of 2018. 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.

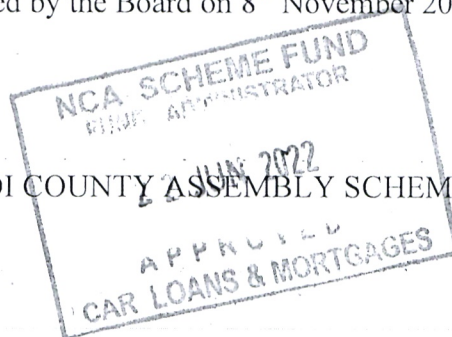
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention 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 8th November 2021 and signed on its behalf by:

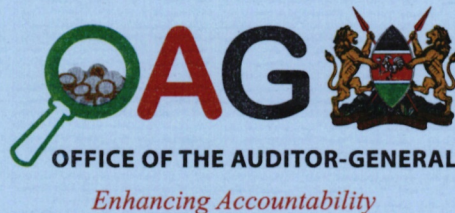


CPA ISAAC KIPLAGAT TUM
FUND ADMINISTRATOR OF THE NANDI COUNTY ASSEMBLY SCHEME FUND



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 NANDI COUNTY ASSEMBLY CAR LOAN (MEMBERS) 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 Nandi County Assembly Car Loan (Members) Scheme Fund set out on pages 21 to 60, which comprise the 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nandi County Assembly Car Loan (Members) 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 (Nandi County Assembly (Members) Scheme Fund) Regulations, 2018.

Basis for Qualified Opinion

1.0 Presentation, Accuracy and Disclosures of the Financial Statements

1.1 Misstatement of Total Equity Balance

The statement of financial position reflects total equity balance of Kshs.198,467,886. However, the Management provided a trial balance which reflects a credit balance of Kshs.335,598,265 for the same item resulting to unexplained variance of Kshs.137,130,379.

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

1.2 Statement of Changes in Net Assets

The statement of changes in net assets reflects revolving fund balance of Kshs.355,106,221 while the statement of financial position reflects Kshs.276,787,053 for the same item resulting to an unexplained variance of Kshs.78,319,168. In addition, the statement of changes in net assets reflects Nil accumulated surplus. Further, the statement reflects opening revolving fund balance of Kshs.355,106,221 which is at variance with the prior year closing balance of Kshs.350,581,173, resulting to an unexplained variance of Kshs.4,525,048.

In the circumstances, the accuracy and completeness of the statements of changes in net assets and financial position could not be confirmed.

1.3. Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.37,017,591 as at 30 June, 2021. However, a recast of the statement reveals a cash and cash equivalents balance of Kshs.32,917,591 resulting to an unexplained variance of Kshs.4,100,000. In addition, Note 23 to the financial reflects comparative interest received amount of Kshs.4,531,482 and finance cost of Kshs.6,434 which are at variance

with Nil amounts as per the audited prior year financial statements. Further, Note 23 to the financial statements reflects net cash flows generated from operations amount of negative Kshs.88,750,110 which is at variance with net cash flows generated from operations amount of negative Kshs.92,479,288 resulting to an unexplained variance of Kshs.3,729,178.

In the circumstances, the accuracy and completeness of the statements of cashflows and cash and cash equivalents balance of Kshs.37,017,591 could not be confirmed.

2.0 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects a total revenue and expenditure budget of Kshs.64,593,072 and Kshs.96,008,640 respectively. However, no approved budget was provided for audit review.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

3.0 Unsupported Interest Income

The statement of financial performance for the year ended 30 June, 2021 reflects interest income amount of Kshs.5,241,080 which, as disclosed in Note 4 to the financial statements includes interest income from mortgage loans and interest income from loans (fixed term deposits) amounts of Kshs.4,615,836 and Kshs.625,244 respectively. Although Management has explained that due to increased liquidity and low number of applicants qualifying for loans, the Loans Management Committee resolved to invest the surplus funds held in its bank account to a fixed term deposit account which subsequently earned the Fund income of Kshs.625,244 within the first month before this arrangement was terminated, documents indicating how this service was procured and the interest rates offered were not provided for audit review.

In the circumstances, the accuracy, completeness and regularity of the interest income earned from the fixed term deposit could not be confirmed.

4.0 Cash and Cash Equivalents

The statement of financial position as at 30 June, 2021 reflects cash and cash equivalents balance of Kshs.37,017,591 which comprised Kshs.36,858,938 in HFCK–Current Account, Kshs.158,653 in Credit Bank Limited Account and as disclosed in Note 11 to the financial statements.

However, manual cash books (FO 26) were not maintained and the Management presented for audit, excel generated cash books which were not system generated (electronic) and could easily be altered. This is contrary to Section 3.3 of the County Financial and Accounting Manual by The National Treasury.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.37,017,591 could not be confirmed.

5.0 Receivables from Exchange Transactions

The statement of financial position reflects current term receivables balance of Kshs.62,580,564 and Long-term receivables from exchange transactions balance of Kshs.98,869,731 all totalling to Kshs.161,450,295 as disclosed in Note 12 to the financial statements. However, the following observations were noted:

- (i) Supporting schedule provided indicated an amount of Kshs.213,725,420 resulting to an unexplained variance of Kshs.52,275,125. In addition, workings on the split between long-term and current portions of the receivables were not provided for audit.
- (ii) Included in the supporting schedule are loan balances of Kshs.5,658,834 due from seventeen (17) beneficiaries which is at variance with supporting documents loan balances of Kshs.13,159,739 resulting to an unexplained variance of Kshs.7,500,905.
- (iii) The supporting schedule also reflects an amount of Kshs.69,876,335 which relates to loan recoveries by the County Executive from loanees in the initial periods before separation of County Assembly payroll from the executive and has not been remitted to the Fund account by the County Executive. No explanation has been provided as to why the amount of Kshs.69,876,335 has not been separately disclosed in the financial statements.

In the circumstances, the accuracy and completeness of current term receivables balance of Kshs.62,580,564 and long-term receivables from exchange transactions balance of Kshs.98,869,731 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nandi County Assembly Car Loan (Members) 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.

Other Matter

Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2019/2020 financial year of which no report has been indicated in the financial statements indicating the status of implementation by the Fund Management 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Payment of Car Grants

The statement of financial performance reflects staff costs amount of Kshs.82,000,000 and as disclosed in Note 7 to the financial statements. This amount relates to car grant payments to the Speaker and thirty-nine (39) Members of County Assembly (MCAs) which was approved by the Salaries Review Commission. However, a flat rate of Kshs.2,000,000 per MCA and Kshs.4,000,000 to the speaker was paid out despite of car loan balances owed to the Fund which should have been recovered at source and the net balance paid to the beneficiaries. Further, a 30% PAYE tax of Kshs.24,600,000 was not recovered from the Members as advised by Kenya Revenue Authority but the Management made a part payment of Kshs.18,450,000 on 28 September, 2021 from the Fund account. In addition, the payment of Kshs.82,000,000 car grant was charged to staff costs in the statement of financial performance instead of the revolving fund account in the statement changes in net assets.

In the circumstances, the Fund risks losing Kshs.24,600,000 and accrued penalties on un-deducted taxes which should have been recovered from the beneficiaries and the Management of the Fund was in breach of the law.

2.0 Issuance of Car Loans & Mortgages

The statement of cash flows for the year ended 30 June, 2021 reflects an amount of Kshs.95,830,500 in respect of loans disbursed to members comprising Kshs.13,830,500 paid out as car loans and mortgages and Kshs.82,000,000 paid out as car grants to 39 Members of County Assembly and the Speaker. A review of the payment vouchers, ledgers, bank statements, loan application forms and check-off offer letters revealed the following observations:

- (i) One Member of the Scheme was granted a loan of Kshs.3,940,000 despite already earning a net salary of less than one-third of his basic salary in contravention of Section 19(3) of the Employment Act, 2007 and Section D.22 (Pecuniary Embarrassment) of the County Public Service Human Resource Manual.

- (ii) No signed loan discharge certificates and duly signed transfer forms had been issued to Members who received car grants and were deemed to have cleared their car loan balances contrary to Regulation 14(1) of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018.
- (iii) The Fund disbursed loans totalling Kshs.13,830,500 to seventeen (17) successful applicants whose application forms were not duly filled as prescribed, contrary to Regulation 6(4)(a), 7(1), (2) & (3) and 8 of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018. Further, the prescribed mortgage/car loan check-off Offer Letters for 10 successful applicants with loans totalling Kshs.3,355,500 were not duly executed.
- (iv) Out of the seventeen (17) applicants of loans, fifteen (15) took loans totalling to Kshs.12,630,500 for purchase of land, development/ renovation of residential property. However, copies of the designs of the proposed residential property duly approved by the relevant statutory authorities, bills of quantities in respect of the proposed development, renovation or repair, official search for the title to the property intended to be purchased, a certified copy of the sale agreement relating to the property and proof of stamp duty payment were not attached to the loan application forms contrary to Regulation 11(1) of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018.
- (v) No support documentation to indicate that stamp duty was paid on the purchased properties. Further, the officer administering the Fund failed to deduct the stamp duty due from the purchase of the properties, contrary to Regulation 11(2) & (3) of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018.
- (vi) No support documents were provided to confirm that logbooks of vehicles subject to car loans from the Fund were issued jointly between Fund and the beneficiaries of the Scheme and are held in the custody of the officer administering the Fund in line with Regulation 9(2) of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018.
- (vii) No evidence was provided to confirm that the Fund has charges registered on the properties financed through loans granted under these Regulations and has had its name entered in all documents of title for such properties. Further, there were no transfer deeds duly signed by the borrowers and letters authorizing the Fund to sell the properties in case of default in repayment, contrary to Regulation 16 of the Public Finance Management (Nandi County Assembly Car Loan (Members) Scheme Fund) Regulations, 2018.

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

3.0 Insurance for Loans

The statement of financial performance reflects fund administration expenses amount of Kshs.1,551,967 and as disclosed in Note 6 to the financial statements. Review of the

documents provided in support of the expenditure revealed that this amount of Kshs.1,551,967 was for insurance policy cover for the loans issued to members of the Scheme. However, the Management failed to recover this cost from the borrowers' accounts, contrary to Regulation 17(1) of the Public Finance Management (Nandi County Assembly Mortgage (Members) Scheme Fund) Regulations, 2018. Further, no disclosure was provided in the financial statements in respect to insurance refunds receivable from beneficiaries.

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

4.0 Fringe Benefits Tax

The statement of cash flows reflects fund general expenses amount of Kshs.13,534,877. Information provided for audit however indicates that the amount relates to accrued fringe benefit tax paid to Kenya Revenue Authority. Further, the amount was paid upon receipt of a demand note from Kenya Revenue Authority being fringe benefit tax which ought to have been paid by the employer (Nandi County Assembly) since the inception of the Fund in the year 2013. However, no disclosure was made in financial statements to indicate this amount as a receivable from Nandi County Assembly.

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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 overall 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 control 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 Fund's 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 July, 2022

NANBI COUNTY ASSEMBLY SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

12. FINANCIAL STATEMENTS

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

	Note	FY 2020/2021	FY 2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	0	0
Transfers from the County Government	2	0	0
Fines, penalties and other levies	3	0	0
Revenue from exchange transactions			
Interest income	4	5,241,080	4,531,482
Other income	5	0	0
Total revenue		5,241,080	4,531,482
Expenses			
Fund administration expenses	6	1,551,967	0
Staff costs	7	82,000,000	0
General expenses	8	0	0
Finance costs	9	8,280	6,434
Total expenses		83,560,247	6,434
Other gains/losses			
Gain/loss on disposal of assets	10	0	0
Surplus/(deficit) for the period		(78,319,167)	4,525,048

The notes set out on pages 39 to 50 form an integral part of these Financial Statements

NANDI COUNTY ASSEMBLY SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

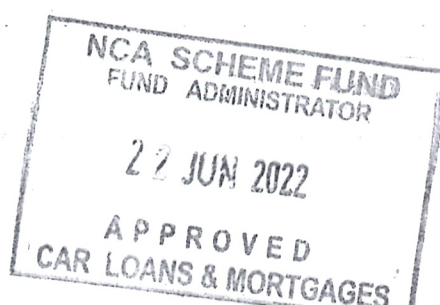
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY 2020/2021	FY 2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	37,017,591	99,997,637
Current term receivables	12	62,580,564	59,049,660
Prepayments	13	0	0
Inventories	14	0	0
Non-current assets			
Property, plant and equipment	15	0	0
Intangible assets	16	0	0
Long term receivables from exchange transactions	12	98,869,731	196,463,159
Total assets		198,467,886	355,510,457
Liabilities			
Current liabilities			
Trade and other payables	17	0	0
Provisions	18	0	0
Current portion of borrowings	19	0	0
Employee benefit obligations	20	0	0
Non-current liabilities			
Non-current employee benefit obligation	20	0	0
Long term portion of borrowings	19	0	0
Total liabilities		0	0
Net assets		198,467,886	355,510,457
FINANCED BY:			
Revolving Fund		276,787,053	350,581,173
Reserves			0
Accumulated surplus		(78,319,167)	4,525,048
Total Equity		198,467,886	355,106,221

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 8th November 2021 and signed by:

 Administrator of the Fund
 Name: ISAAC KIPLAGAT TUM

 Fund Accountant
 Name: WESLEY KIMETO
 ICPAK Member No: 11505



NANDI COUNTY ASSEMBLY SCHEME FUND**Reports and Financial Statements****For the year ended June 30, 2021****12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	350,581,173	0	0	350,581,173
Surplus/(deficit) for the period	0	0	4,525,048	4,525,048
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
Balance as at 30th June 2020	350,581,173	0	4,525,048	355,106,221
Balance as at 1 July 2020	355,106,221	0	0	355,106,221
Surplus/(deficit) for the period	0	0	(78,319,167)	(78,319,167)
Funds received during the year	0		0	0
Revaluation gain	0	0	0	0
Balance as at 30th June 2021	355,106,221	0	(78,319,167)	276,787,054

NANDI COUNTY ASSEMBLY SCHEME FUND**Reports and Financial Statements****For the year ended June 30, 2021****12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	FY 2020/2021	FY 2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		0	0
Interest received		4,615,836	4,531,482
Receipts from other operating activities		0	0
Total Receipts		4,615,836	4,531,482
Payments			
Fund administration expenses		1,551,967	0
Staff costs		82,000,000	
General expenses		13,534,877	0
Finance cost		8,280	6,434
Total Payments		97,095,124	6,434
Net cash flows from operating activities	21	(92,479,288)	4,525,048
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	0
Interest on Fixed Deposit		625,244	
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		38,604,498	58,593,883
Loan disbursements paid out		(13,830,500)	(7,380,000)
Net cash flows used in investing activities		25,399,242	51,213,883
Cash flows from financing activities			
Proceeds from revolving fund receipts			0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(67,080,046)	55,738,931
Cash and cash equivalents at 1 JULY	11	99,997,637	44,258,707
Cash and cash equivalents at 30 JUNE	11	<u>37,017,591</u>	<u>99,997,637</u>

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	FY 2020/2021	FY 2020/2021	FY 2020/2021	FY 2020/2021	FY 2020/2021	FY 2020/2021
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	0	0	0	0	0	0.00%
Transfers from County Govt.	15,000,000	0	15,000,000	0	15,000,000	0.00%
Interest income	4,593,072	0	4,593,072	5,241,080	(648,008)	114.11%
Repayments of Loans	50,578,968	0	45,000,000	37,979,254	7,020,746	84.40%
Total income	70,172,040	0	64,593,072	43,220,334	21,372,738	66.91%
Expenses						
Disbursements	15,000,000	0	96,000,000	13,830,500	82,169,500	14.41%
Staff costs	3,000,000	0	0	82,000,000	(82,000,000)	0.00%
General expenses	0	0	0	0	0	0.00%
Fund administration expenses	0	0	0	1,551,967	(1,551,967)	0.00%
Finance cost	8,640	0	8,640	8,280	360	95.83%
Total expenditure	18,008,640	0	96,008,640	97,390,747	(1,382,107)	101.44%
Surplus for the period	52,163,400	0	(31,415,568)	(54,170,414)	22,754,846	-34.53%

1. The County Assembly of Nandi approved a supplementary budget that negatively affected the anticipated transfer of **KShs. 15 million** were not transferred from the County Assembly to the Scheme Fund during the period, thus affecting the targeted performance in investment of loans disbursements which only reported actual performance of 0.00%.
2. Interest incomes performed significantly well at 14.11% above target from the predicted **KShs. 4.59 million** to the annual comprehensive income of **KShs. 5,241,080** that comprised of interest on fixed interest income account prematurely terminated in February 2021 to enable the County Assembly of Nandi effect the payment of the car grants declared due to the Members of the County Assembly.
3. Repayments of loans was significantly affected by the delays in transfers of exchequer releases to the County Assembly of Nandi operational accounts thus only 11 months loans repayments could only reported as actual from the anticipated 12 instalment payments. This therefore resulted in 85.79% achievement of target. However, the June and May disbursements of equitable share of revenue were done outside the scope of FY 2020-2021.

12.6. 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	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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: • 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;

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Standard	Effective date and impact:
	• 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	Applicable: 1st January 2022 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: (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	Applicable: 1st January 2022: 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. 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.
Other Improvements to IPSAS	Applicable: 1st January 2021: 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 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

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Standard	Effective date and impact:
	Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash-Generating Assets. 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. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard
	IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued

c) Early adoption of standards

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

SUMMARY OF 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 on Nandi. 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 nil appropriations of Nandi County Assembly Scheme Fund 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 xxx of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. 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.

7. 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 an entity of financial assets is impaired. A financial asset or an 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 an 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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 Nandi County Assembly Scheme Fund.

9. Provisions

Provisions are recognized when the Nandi County Assembly Scheme Fund 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 Nandi County Assembly Scheme Fund 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Nandi County Assembly Scheme Fund 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.

10. Nature and purpose of reserves

The Nandi County Assembly Scheme Fund creates and maintains reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

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

12. Employee benefits – Retirement benefit plans

The Nandi County Assembly Scheme Fund 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.

13. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. Related parties

The Nandi County Assembly Scheme Fund 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 Nandi County Assembly Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the Fund Administrator, the Fund Accountant and the Clerk to the County Assembly of Nandi.

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Nandi County Assembly Scheme Fund

The entity is a County Public Fund established by Public Finance Management (Nandi County Assembly Members' Scheme Fund) Regulations, 2021 under the County Assembly of Nandi. Its ultimate parent is the County Assembly of Nandi.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

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 Nandi County Assembly Scheme Fund 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.

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

Provisions

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. Financial risk management

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

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 2020				
Receivables from exchange transactions	000	000	000	000
Receivables from non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	000	000	000	000
	000	000	000	000
At 30 June 2018	000	000	000	000
Receivables from exchange transactions	000	000	000	000
Receivables from non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	000	000	000	000

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 2021				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	000	000
At 30 June 2021	000	000	000	000
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	000	000

SUMMARY OF 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 ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

i. Foreign currency risk

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

The carrying amount of the Nandi County Assembly Scheme Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	000	000	000
Investments	000	000	000
Cash	000	000	000
Debtors/ receivables			
Liabilities			

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		Other currencies	Total
	KShs	KShs	KShs
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
2020			
Euro	10%	00	00
USD	10%	00	00
2019			
Euro	10%	00	00
USD	10%	00	00

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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.

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

2. Transfers from County Government

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Transfers from County Government – operations	0	0
Payments by County Assembly on behalf of the entity	0	0
Total	0	0

3. Fines, penalties and other levies

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Interest income from loans (mortgage or car loans)	4,615,836	4,531,482
Interest income from car loans	000	000
Interest income from investments	000	000
Interest income from loans (fixed term deposits)	625,244	0
Total interest income	5,241,080	4,531,482

5. Other income

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income	0	0
Total other income	0	0

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6. Fund administration expenses

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Loan processing costs (insurance costs)	1,551,967	0
Accrued Fringe Benefit Tax		
Total	1,551,967	0

7. Staff costs

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Salaries and wages	0	0
Presidential Grants	82,000,000	
Staff gratuity	0	0
Staff training expenses	0	0
Social security contribution	0	0
Other staff costs	0	0
Total	82,000,000	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Consumables	0	0
Electricity and water expenses	0	0
Fuel and oil costs	0	0
Insurance costs	0	0
Postage	0	0
Printing and stationery	0	0
Rental costs	0	0
Security costs		
Telecommunication	0	0
Bank Charges		
Hospitality	0	0
Depreciation and amortization costs	0	0
Other expenses	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Bank charges	8,280	6,434
Other charges	0	0
Total	8,280	6,434

10. Gain/(loss) on disposal of assets

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

11. Cash and cash equivalents

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Fixed deposits account	0	0
On – call deposits	0	0
HFCK Current account: No.7040003061-0	36,858,938	91,820,364
HFCK Current account: No.1924813202	0	4,077,665
Credit Bank Limited Ac No. 0091018000055	158,653	4,099,609
Total cash and cash equivalents	37,017,591	99,997,637

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	FY 2020/2021 KShs	FY 2019/2020 KShs
a) Fixed deposits account		
Kenya Commercial bank		
Equity Bank, etc		
Sub- total	0	0
b) On - call deposits		
Kenya Commercial bank		
Equity Bank - etc		
Sub- total	0	0
c) Current account		
HFCK Limited A/c No. 7040003061-0	36,858,938	91,820,364
HFCK Limited A/c No. 1924813202	0	4,077,665
Credit Bank Limited A/c No. 0091018000055	158,653	4,099,609
Sub- total	37,017,591	99,997,637
d) Others (specify)		
Cash in transit	0	0
Cash in hand	0	0
M Pesa	0	0
Sub- total	0	0
Grand total	37,017,591	99,997,637

12. Receivables from exchange transactions

Description	FY 2020/2021 KShs	FY 2019/2020 KShs
Current Receivables		
Interest receivable		
Current loan repayments due	62,580,564	59,049,660
Other debtors (County Executive of Nandi)	0	0
Less: impairment allowance		
Total Current receivables	62,580,564	59,049,660
Non Current receivables		
Accrued Insurance Compensation Incomes	7,686,000	
Long term loan repayments due	91,183,731	196,463,159
Total Non current receivables	98,869,731	196,463,159

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Additional disclosure on interest receivable

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	000	000
Accrued interest receivable from of long-term loans of previous years	000	000
Interest receivable from current portion of long-term loans issued in the current year	000	000
Current loan repayments due	000	000
Current portion of long-term loans from previous years	000	000
Accrued principal from long-terms loans from previous periods	000	000
Current portion of long-term loans issued in the current year	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Prepaid rent	000	000
Prepaid insurance	000	000
Prepaid electricity costs	000	000
Other prepayments(specify)	000	000
Total	000	000

14. Inventories

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Consumable stores	000	000
Spare parts and meters	000	000
Catering	000	000
Other inventories(specify)	000	000
Total inventories at the lower of cost and net realizable value	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1 st July 2018	000	000	000	000	000
Additions	000	000	000	000	000
Disposals	000	000	000	000	000
Transfers/adjustments	000	000	000	000	000
At 30 th June 2019	000	000	000	000	000
At 1 st July 2019	000	000	000	000	000
Additions	000	000	000	000	000
Disposals	000	000	000	000	000
Transfer/adjustments	000	000	000	000	000
At 30 th June 2020	000	000	000	000	000
Depreciation and impairment	000	000	000	000	000
At 1 st July 2018	000	000	000	000	000
Depreciation	000	000	000	000	000
Impairment	000	000	000	000	000
At 30 th June 2019	000	000	000	000	000
At 1 st July 2019	000	000	000	000	000
Depreciation	000	000	000	000	000
Disposals	000	000	000	000	000
Impairment	000	000	000	000	000
Transfer/adjustment	000	000	000	000	000
At 30 th June 2020	000	000	000	000	000
Net book values	000	000	000	000	000
At 30 th June 2019	000	000	000	000	000
At 30 th June 2020	000	000	000	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Cost		
At beginning of the year	000	000
Additions	000	000
At end of the year	000	000
Amortization and impairment		
At beginning of the year	000	000
Amortization	000	000
At end of the year	000	000
Impairment loss	000	000
At end of the year	000	000
NBV	000	000

17. Trade and other payables from exchange transactions

Description	FY 2020/2021	FY 2019/2020
Trade payables	0	0
Refundable deposits	0	0
Accrued tax expenses	24,600,000	0
Other payables	0	0
Total trade and other payables	24,600,000	0

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	000	000	000	000
Additional Provisions	000	000	000	000
Provision utilised	000	000	000	000
Change due to discount and time value for money	000	000	000	000
Transfers from non -current provisions	000	000	000	000
Balance at the end of the year (30.06.2019)	000	000	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Balance at beginning of the period	000	000
External borrowings during the year	000	000
Domestic borrowings during the year	000	000
Repayments of external borrowings during the period	000	000
Repayments of domestics borrowings during the period	000	000
Balance at end of the period	000	000

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

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organization'	000	000
Sterling Pound denominated loan from 'yyy organization'	000	000
Euro denominated loan from zzz organization'	000	000
Domestic Borrowings	000	000
Kenya Shilling loan from KCB	000	000
Kenya Shilling loan from Barclays Bank	000	000
Kenya Shilling loan from Consolidated Bank	000	000
Borrowings from other government institutions	000	000
Total balance at end of the year	000	000

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

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Short term borrowings(current portion)	000	000
Long term borrowings	000	000
Total	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CHANGES IN RECEIVABLE

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	000	000
Account receivable issued during the year (B)	000	000
Account receivable settled during the Year (C)	000	000
Net changes in account receivables D= A+B-C	000	000

21. CHANGES IN ACCOUNTS PAYABLE

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	000	000
Accounts Payable held during the year (B)	000	000
Accounts Payable paid during the Year (C)	000	000
Net changes in account receivables D= A+B-C	000	000

22. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	000	000	000	000
Non-current benefit obligation	000	000	000	000
Total employee benefits obligation	000	000	000	000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Cash generated from operations

	FY 2020/2021	FY 2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	0	0
Adjusted for:	0	0
Public contributions and donations	0	0
Transfers from the County Government	0	0
Interest received	5,241,080	4,531,482
Receipts from other operating activities	0	0
Fund administration expenses	1,551,967	0
Staff costs	(82,000,000)	
General expenses	0	0
Finance cost	(8,280)	6,434
Increase in payables	(13,534,877)	0
Net cash flow from operating activities	(88,750,110)	4,537,916

24. 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 Assembly of Nandi;
- b) The County Treasury of Nandi;
- c) Key management;
- d) Board of Trustees; etc

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY 2020/2021	FY 2019/2020
	KShs	KShs
Transfers from related parties'	0	0
Transfers to related parties	0	0
	0	0

c) Key management remuneration

	FY 2020/2021	FY 2019/2020
	KShs	KShs
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	FY 2020/2021	FY 2019/2020
	KShs	KShs
Due from parent County Assembly of Nandi	38,134,877	0
Due from County Government of Nandi	69,876,335	0
Total	108,011,212	0

e) Due to related parties

	FY 2020/2021	FY 2019/2020
	KShs	KShs
Due to parent Ministry	000	000
Due to County Government	000	000
Due to Key management personnel	000	000
Total	000	000

25. Contingent assets and contingent liabilities

Contingent liabilities	FY 2020/2021	FY 2019/2020
	KShs	KShs
Court case against the Fund	000	000
Bank guarantees	000	000
Total	000	000

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13. 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	Focal Point person to resolve the issue	Status	Timeframe:
11.1 Presentation of the Financial Statements a) Accuracy, Completeness and Presentation of Financial Statements	The entity name for which financial statements was reported differently in financial statements.	This issue arose from enactment of regulations in 2018 with an aim to separate Car Loans from Mortgage. The County Assembly of Nandi enacted regulations in 2019 to amend names listed separately within the regulations to as appear the Nandi County Assembly Scheme Fund.	Hon. Joshua Kiptoo, the Speaker, County Assembly of Nandi	Resolved	Year 2020-2021
b) Difference between the Financial Statements and the Trial Balance	The financial statement figures had differed with the trial balance submitted for the FY 2020-2021	The Nandi County Assembly Scheme Fund submits to correct the anomaly caused by submission of trial balances of originally submitted estimates in a manner the persuaded to	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year 2020-2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
		believe they were for the amended financial statements for the FY 2019-2020.			
c) Notes to the Financial Statements	Cash generated from operations were not analysed in Note 23 as was appropriate.	The amended Financial Statements for the FY 2020-2021 have been prepared taking into account this recommendation and therefore Note 23 presents cash flow generated from operations.	Barnaba GK Kosgei,	Resolved	Year ended June 30, 2021
11.2 Cash and Cash Equivalents	The opening balances reported in the amended financial statements were KShs. 44,259,466 while prior year statements reported end year balances of KShs. 44,258,707. Further, note 11 reported that HFCK Account No. 1924813202 had KShs. 4,078,425 while prior	The journal entries on cash and cash equivalents reporting the end year balances as at June 30, 2019, were prepared and the same is subject to review by the auditors and the oversight committees of the County Assembly and the Parliament.	Clerk, County Assembly of Nandi	Unresolved	Year ended June 30, 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	year financial statements reported end balances as KShs. 4,077,665.				
11.3 Statement of Changes in Net Assets	A reconciliation of a difference between KShs. 326,090,439 at the end of year 2018 and the KShs. 350,581,173 that were the opening balances of the year ending June 30, 2019 was recommended.	A reconciliation statement on the figures has been prepared but the same shall be considered at the oversight bodies.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022
11.4 The Statement of Comparison of Budget and Actual Amounts for the year June 30 th 2020	A reconciliation statement on the matter as required under IPSAS 24.14 was recommended of the tabulated differences between the statement of comparison of budget and actual amounts for the year ending June 30, 2020.	A reconciliation statement has been prepared for the purpose of explanation to the auditors prior to a schedule of hearings by both the Senate Committee on public accounts and investment and the County Assembly of Nandi's Public Accounts and Investment.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year 2020-2021
11.5 Interest Incomes	Reconciliation was done				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	about the interest incomes re-computation by the auditors and those in the financial statements of the FY 2018-2019 and journal entries.				
11.6Fringe Benefit Tax	The records availed to the auditors indicated that no payment of fringe benefit taxes of the loans advanced to 62 borrowers.	The County Assembly of Nandi resolved to have payments of Fringe Benefit Tax totalling KShs. 13,534,877 paid from the Fund as per the auditor's recommendations in lieu of credit from the County Assembly in the next financial year of a similar amount.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year end of 2021-2022
11.7Receivables from Exchange Transactions	The loans disbursement amounting to KShs. 291.96 million paid directly to loan borrowers and currently being recovered instead of payment to property	The County Assembly has recovered the loans disbursement and consequently it is important to await the new disbursement of MCAs	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	owners.				
Receivables from Exchange Transactions	Official searches of the title of the property to be purchased, certified copies of the sale agreements and copies of designs of proposed residential property approve by the relevant county government department hadn't been availed for audit.	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022
Receivables from Exchange Transactions	No evidence was availed to enable auditors verify whether the motor vehicles and land purchased by the fund are jointly registered by the loan borrowers and the Board.	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022
Receivables from Exchange Transactions	Loan application forms were not approved by the car/mortgage management committee	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
11.8Implementation of Oversight Bodies Recommendations	The auditors reported that there was no evidence that the financial statements were submitted to the County Assembly after audit opinion had been raised by the Auditor General	It is true that there was no evidence at that time but it was because the Auditor General in release of the opinion to a level that it wasn't possible to table the same at County Assembly before the lapse of end year on June 30, 2020. However, during the year under review every effort was not spared and audit reports in respect of two financial years were tabled at both the Senate and the County Assembly for consideration by relevant committees.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022
11.9Internal Control Environment and Overall Risk Management in the Fund's Operations	The auditors observed that the Scheme Fund had neither internal control management strategy and risk management arrangement in	The County Assembly has prepared both the risk management strategy and internal control management.			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	processing of loans applications leading to non-adherence to laws and regulations.				

Guidance Notes:

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

