

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF NAKURU
(MEMBERS) CAR LOAN, GRANT AND
MORTGAGE SCHEME FUND**

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

PAPERS LAID

DATE

12/2/2025

TABLED BY

Sen. Chimera on behalf of Sen. Maji Leader

COMMITTEE

CLERK AT THE TABLE

Angels

PARLIAMENT
OF KENYA
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**COUNTY ASSEMBLY OF NAKURU CAR LOAN, GRANT & MORTGAGE
SCHEME FUND**

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

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

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

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COUNTY ASSEMBLY OF NAKURU

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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COUNTY ASSEMBLY OF NAKURU

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2. Key Entity Information and Management

a) Background information

The County Assembly of Nakuru Car Loan, Grant and Mortgage Fund was established under County Government of Nakuru Car Loan and Mortgage Scheme Fund Regulations of 2016. The regulations were amended on 19th October, 2022 to read The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) Regulations 2022. The Fund is wholly owned by the County Assembly of Nakuru and is domiciled in Kenya.

The principal purpose and object of the Act is to establish a loan scheme to provide loans to Members of the Scheme to purchase motor vehicles or residential houses in addition to develop, renovate or repair their residential property.

The Fund's principal activity is advancing Car Loans and Mortgage to members of County Assembly and staff.

b) Principal Activities

The principal activity of the Fund is to advance Car Loans and Mortgage to Members of County Assembly and Staffs.

Vision

To be a fund of choice to the Members and Staff of County Assembly of Nakuru.

Mission

To provide affordable Car and Mortgage Loans to Members and Staff of County Assembly of Nakuru in a sustainable manner.

Core Values

The fund upholds the values of Equity, Integrity, Accountability and Accessibility.

c) Board of Trustees/Fund Administration Committee

Sec 6(1) of The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) regulations 2022 establishes the loan management committee which consist of;

1	Jane Waweru	Chairperson
2	Stephen Gatimu	Deputy Clerk
3	Irene W. Wamaru	Ag. Director H/Resource & Development
4	John Kwambai	Director Finance
5	Ann Kahunga	Legal council

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

d) Key Management Team

Ref	Name	Position
1	Jane N. Waweru	Ag. Clerk
2	Stephen M. Gatimu	Deputy Clerk
3	John K. Kwambai	Ag. Director Finance
4	Irene W. Wamaru	Ag. Director H/Resource & Development
5	Joseph K. Chege	Director Hansard and ICT
6	Emmanuel Njuguna	Director Budget
7	Leonard Opiyo	Director legislative, Legal, Research and Library Services
8	Rachael J Cherotich	Director Committee Services
9	John Waweru	Ag. Deputy Director Procurement

e) Fiduciary Oversight Arrangements

The county Assembly has audit committee which undertook its mandate during the year under review which included; Providing strong and effective oversight of the County Assembly Internal Audit, Monitoring the effectiveness of the County Assembly's performance management and performance information, Promoting effective and efficient audit process by providing an independent review of the internal audit work plans and reports, Evaluating internal and external audit reports and making appropriate recommendations, undertaking independent reviews of the Funds financial statements and Reviewing the level of compliance with relevant legislative and regulatory requirements by promoting a culture committed to lawful and ethical behaviour.

The County Assembly Public Accounts and Investment Committee followed up on all Audit issues that were raised by the Office of the Auditor General as far as all the County Entities were concerned.

The Internal Audit department and audit Committee reviews the Quarterly Financial Statements for the Fund on a quarterly basis. The department consists of two staff members and three audit committee members as listed in the table below:

COUNTY ASSEMBLY OF NAKURU**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Ref	Position	Name
Ref	Position	Name
1.	Director -Internal Audit	Samuel Munyeki Elizabeth Chepkosgei
2.	Internal Audit Committee	Peter Kitur – Chairperson Ann Ng’ang’a – Member Dennis Kaluki- Member

Public Accounts and Investment Committee

Member	Designation	Ward
Hon. Simon Kamau Karanja	Chairperson	Kihingo
Hon. Michael Njenga	V/Chairperson	Nominated
Hon. Ann Njaguara	Member	Nominated
Hon. Bethsheba Kerubo	Member	Nominated
Hon. Ben Kirui	Member	Barut
Hon. Irene Cheboi	Member	Nominated
Hon. Joseph Mwangi Muraya	Member	Viwandani
Hon. Keziah Okumu	Member	Nominated
Hon. Robert Langat	Member	Amalo
Hon. Neto Sakwa	Member	Kivumbini
Hon. Robert Rutto	Member	Kapkures
Hon. Samuel Ngarama	Member	Lanet/Umoja
Hon. James Gathuita Mwangi	Member	Dundori

f) Registered Offices

P.O. Box 907
Ugatuza Plaza
Nakuru – Eldoret Highway
Nakuru, KENYA

g) Fund Contacts

Telephone : (254)051-2216472
E-mail: clerkassembly@nakurucounty.go.ke
Website: www.nakurucounty.org.ke

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

h) Fund Bankers

1. Family Bank Ltd
Family Bank Towers,
Muindi Mbingu Street
P.O. Box 7414-00200
City Square
Nairobi, Kenya
Account No. 018000055807
Account No. 018000067410
Account No. 018000073217

2. Consolidated Bank
Consolidated Bank House
23 Koinange Street
P. O. Box 51133 - 00200,
Nairobi – Kenya
Account No. 10161101000153

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i) Independent Auditors

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






j) Principal Legal Adviser

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

k) County Attorney




The County Attorney
P.O. Box 2870 - 20100
County Government of Nakuru Headquarters
Nakuru, Kenya

COUNTY ASSEMBLY OF NAKURU**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024****3. Board of Trustees/ Fund Administration Committee**

	Name	Details of qualifications and experience
1	 CPA. Jane N. Waweru	Bachelor of Commerce, CPA (K). 24 years' experience. Ag. Clerk to County Assembly. She previously worked for NYAWASCO and Nakuru Municipal Council.
2	 Stephen M. Gatimu	MPA, Bachelor of Arts (BA). 14 years' Experience. Deputy Clerk
3	 CPA. Emmanuel Njuguna	Master's in Business Administration, Bachelor of Commerce, CPA(K), CSIA(K), SLDP. 15 years' experience. Director Budget
4	 CPA. John K. Kwambai	Master's in Business Administration, Bachelor of Commerce, CPA(K), and CPS. 12 years' experience. Ag. Director Finance
5	 Irene W. Wamaru	Master of Arts Communication, Bachelor of Arts (Media). 15 years' experience. Ag. Director Human Resource and Development.

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6	 Joseph K. Chege	Bachelor of Arts (BA), Diploma in Mass Communication, 28 years' Experience. Director ICT and Hansard.
7	 Leonard Opiyo	Bachelor of Arts in Political Science and Public Administrations, Public Policy and Administration. 11 years' experience. Director legislative, Legal, Research and Library Services
8	 Rachael J. Cherotich	MBA in Strategic Management, Bachelor of Education (Maths/Economics), Higher Diploma (HRM). 16 years' Experience. Director Committee Services.

4. Report of The Fund Administrator

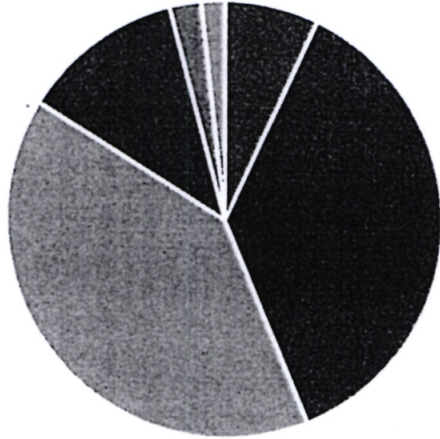
The Financial Statements for the County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund for the year ended 30th June 2024 were prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Assembly Service Board entered into an agreement with Family Bank Limited to run the day-to-day administration of the Fund on behalf of the Board. The Board keeps a closer supervision of the Bank and has to approve any amount being disbursed for adequate checks. All the loans being disbursed are secured and an insurance cover is there to cushion the Assembly just in-case of any eventuality. To further safeguard the funds, the properties are always charged and jointly registered between the Board and the beneficiary.

The fund performance during the year was recommendable. For instance, Interest income rose from kshs 13.5 million to kshs 33.4 million. This was attributed by the funds management committee decision to invest the unutilized funds of Kshs 160 million in a fixed deposit account with Consolidated Bank which is owned by Government of Kenya. This gave a guaranteed return at 9% per annum which translated to Ksh 7.2m for the first 6 months ending 4th April 2024. The fund administrator re-invested the amount for another 6 months where the interest earned was ploughed back. The committee also raised the capital invested to Kshs 200 million (Inclusive of interest ploughed back) at an interest rate of 11.25 per annum, which had earned the fund an extra Kshs 5.2m by 30th June 2024.

COUNTY ASSEMBLY OF NAKURU
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Annual Report and Financial Statements for the year ended June 30, 2024

Fund Performance



- Transfers
- Loan Disbursements
- Principal Loan Repayments
- Interest Income
- Administration Costs
- General Expenses

During the year, the fund recorded transfer of Kshs 18m which boosted the fund significantly. The Fund manager had disbursed loans amounting to Kshs 101.9m by the end of the financial year 2023/2024. She also reported principal repayments amounting to Kshs 111m from members of the scheme for the same period.

Administration costs went up by Kshs 2 million from Kshs 4.5m in the previous financial year 2022/2023 to Kshs 6.5m by 30th June 2024. By the end of financial year 30th June 2024, the total loan portfolio stood at Kshs 619.6 million compared to the same period last financial year of Kshs 623.4 million.

Signed:  _____

CPA Jane Waweru

Clerk to the County Assembly.

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

5. Statement of Performance Against the County Fund's Predetermined Objectives

The Fund has to a large extent achieved its intended purpose and objectives. To this extent, over 90% all the Members of County Assembly have accessed the facility on priority basis since their period in the Assembly is limited to the term they are in Office. The Fund has also covered a bigger percentage of Members of Staff with preference to those with few years remaining in service.

Introduction

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

The key objective of the Fund is to provide affordable Car and Mortgage loans to Members of County Assembly and the Staff fraternity in a sustainable manner.

Progress on attainment of key objective

Program	Objective	Outcome	Indicator	Performance
Provision of Car loans and Mortgage facilities to all members of County Assembly and staff	To ensure all members and staff have access to the facilities	Number of car loans and mortgages successfully applied. During the financial year 2023/2024, 36 applicants for mortgage facilities and were all successful.	% of members and staff taking Mortgage facilities. The 36 successful loans disbursed during the year translates to 19% of the total population of the County Assembly	By the end of FY 2023/2024, All Members of County Assembly and over 90% of staff members had accessed the loan facilities to build or buy houses and cars.

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

6. Corporate Governance Statement

The County Assembly of Nakuru Car Loan, Grant and Mortgage scheme fund was managed by the Loan Management Committee as stipulated in the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022. They consist of;

- a) The Clerk who shall be the chairperson
- b) The Deputy Clerk or his/her nominee
- c) The Director Finance or his/her nominee
- d) The Director Human Resource Management or his/her nominee
- e) The Legal Counsel who shall be the secretary

The committee held six meetings which were well attended. Four out of the six were quarterly meeting as outlined in the regulations while the other two were held on need basis to evaluate the progress of the fund. The role of the committee is to;

- i) Supervise the day to day running of the fund,
- ii) Consider and approve loan applications presented by the person administering the fund,
- iii) Process applications for loans in accordance with the existing terms and conditions of borrowing,
- iv) Establish management guidelines and engage such staff as may be necessary to assist the committee and the officer administering the fund,
- v) Submit to the County Assembly Service Board quarterly reports on its undertaking,
- vi) Advise the County Assembly Service Board on the general management of the fund.

During the year under review, the committee approved and disbursed loans to members and staff totalling to Kshs 101.9 million. In additional, the County Assembly Service Board approved an additional of seed capital of Kshs 19.18 million during the financial year 2023/2024. It's worth noting that the fund was able to add to the revolving fund a surplus of Kshs 21.2 million during the year.

The fund is fully managed by the County Assembly Service Board which is a legal entity with perpetual succession and a common seal. In order to guarantee its perpetual succession, the Board has;

- i) Identified key areas and positions that are critical to the fund's success,
- ii) Identified and are now mentoring employees who are interested in taking on leadership roles and assessed their capabilities,
- iii) Developed and implemented succession and knowledge transfer plans,
- iv) Evaluated the effectiveness of the succession plan.

The County Assembly Service Board and the loan management committee members conducted themselves as per the provision of Section 8 of the Public Officer Ethics Act, 2003 in all undertakings done during the year.

Section 6(7) of the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 provides for payment of allowances and other expenses as may be approved from time to time. During the year, the committee approved for

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

payment of allowances of the loan committee members totalling to 3.6 million and Kshs 6.5 million being fund administration expenses which were paid to the fund manager.

All members of the loan management committee and County Assembly Service board complied with the provisions of public officer ethics act 2003 in all their undertaking while managing the fund.

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

7. Management Discussion and Analysis

During the year the performance of the fund was exemplary. The fund was able to earn 33.4 million being revenue from exchange transactions (Interest income) which translates to 246% increase from the previous year 2022/2023. This was necessitated by the new investment of unutilized fund in a fixed deposit which earned the fund over 12 million. Administration costs of the fund also went up from Kshs 4.5 million in financial year 2022/2023 to Kshs 6.5 million by end of financial year 2023/2024. The fund reported the highest surplus of Kshs 21.2 million from previous years the fund has been in operation.

The fund's statement of changes in net asset for the year ended 30th June 2024 grew from Kshs 826 million in the previous year to Kshs 866 million. This was after an additional seed capital to the fund of Kshs 19.18 million together with the highest surplus ever recorded of 21 million.

By close of the financial year, the Assembly had retained Kshs 4 m relating to valuation and legal fees charged to members for service rendered by lawyers in charging the title deeds as wells for valuation reports emanating from the same. The service providers had not raised invoices for payment of the service rendered by the end of financial year ended 30th June 2024.

8. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

Although the fund has achieved the major milestone in the financial year, which was to advance loans to members of the County Assembly, a good number of staffs especially those with many years in service are yet to benefit from the scheme due to financial constraints.

2. Environmental performance

The fund has not developed environmental policy to guide the organisation in environmental matters. However, the Assembly has outsourced fund administrator in order to reduce on paper work and other associated menace as a way of reducing environmental impact on organisation's product.

3. Employee welfare

In running the fund, the Loan management committee which is mandated with day to day running of the fund draws its employees from the County Assembly establishment. Currently, the composition of the committee is compliant with the two third gender rule. The management has also outsourced the fund manager to help in administering the same. The office is compliant with safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

4. Market place practices-

The Assembly outsourced management services of the fund. The process was competitively done through National tender where the advert was done on the dailies. The process complied with all procurement requirements where M/s Family Bank was declared the winner of the tender.

5. Corporate Social Responsibility / Community Engagements

During the financial year 2023/2024, the fund did not carryout any Corporate Social Responsibility activity. Nevertheless, the fund administrator and the committee will consider undertaking Corporate Social Responsibilities/ community engagements in future.

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

9. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 shall prepare financial statements for The Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund is responsible for the preparation and presentation of the of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund financial statements, which give a true and fair view of the state of affairs of the of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund for and as at the end of the year ended on 30th June 2024. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the of the County Assembly Car Loan, Grant and Mortgage Scheme 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 of County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund Selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The Administrator of County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund accepts responsibility for the of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage

COUNTY ASSEMBLY OF NAKURU

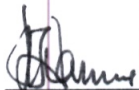
**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Scheme Fund) Regulations, 2022. The Fund Administrator is of the opinion that the of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund financial statements give a true and fair view of the state of Fund's transactions during the period ended 30th June 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund financial statements as well as the adequacy of the systems of internal financial control.

In preparing the annual financial statements, the Administrator of the County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme 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

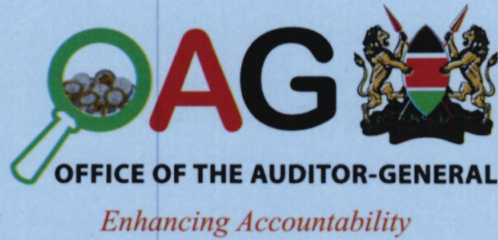
The County Assembly Car Loan, Grant and Mortgage Scheme Fund's financial statements were approved by the Clerk of the County Assembly on 20/11 2024 and signed on its behalf by:



Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NAKURU (MEMBERS) CAR LOAN, GRANT AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund set out on pages 1 to 25, which comprise of the

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

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

In my opinion, 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 County Assembly of Nakuru Car Loan, Grant and Mortgage Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects an increase in accounts payables amount of Kshs.115,000 which was not supported since the statement of financial position did not indicate any balance of payables for the financial years 2022/2023 and 2023/2024.

Further, the statement reflects a Nil decrease/(increase) in accounts receivables. However, the re-computed amount for decrease in long term receivables was Kshs.11,255,959 and increase in current portion of long-term receivables and prepayments was Kshs.7,283,398. Management did not provide any explanation for omitting the balances in the statement.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2. Inaccurate Prepayments

The statement of financial position reflects prepayments (legal and valuation fees) balance of Kshs.4,024,100 as disclosed in Note 8 to the financial statements. Management explained that the prepayment amount was in respect of legal and valuation fees deducted from loanees for onward transmission/payments as fees to lawyers and valuers for processing the car loans, grants and mortgages. However, the schedule provided does not indicate the value of the property to be purchased, invoice number and the respective prepayment amount.

Further, the accounting treatment appears incorrect since amounts owed by the Fund to service providers should be disclosed as a liability and not an asset as reflected in the financial statements. In addition, the prepayment balance has not been matched against a liability thus casting doubt on the accuracy of the balance and the financial statements.

In the circumstances, the accuracy and completeness of the prepayment balance of Kshs.4,024,100 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.57,764,220 and Kshs.52,631,444 respectively resulting to an under-funding of Kshs.5,132,776 or 9% of the budget. Further, the statement reflects actual expenditure of Kshs.31,357,053 against the actual receipts of Kshs.52,631,444 resulting to an under-utilization of Kshs.21,274,391 or 40% of the actual receipts.

The under-performance and under-utilization affected the planned activities of the Fund and may have impacted negatively on service delivery to the Members of the scheme.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, some issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Management has indicated that the issues raised have been resolved. However, no evidence was provided to indicate how the issues were resolved.

Other Information

The Management is responsible for the other information set out on page v to xix which comprise of the Fund's Key Entity Information and Management, The Board of Trustees/Fund Administration Committee, Key Management Team, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate

Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Payment of Valuation and Legal Fees

The statement of financial performance reflects general expenses of Kshs.4,966,859 which as disclosed in Note 4 to the financial statements include an amount of Kshs.192,400 in respect of valuation and legal fees. Review of records revealed that the valuation and legal fees were paid by the Fund directly to the various payees instead of being borne by the respective beneficiaries of the car loans and mortgages.

In the circumstances, the regularity of the valuation and legal fees amount of Kshs.192,400 could not be confirmed.

2. Irregular Issuance of Mortgage Top Ups

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.114,181,093 as disclosed in Note 7 to the financial statements. Included in the balance is an amount of Kshs.21,990,000 due from the staff of Nakuru County Assembly as mortgage top-ups. However, Management did not provide the application letters from the staff to indicate the purpose of the amount of Kshs.21,990,000 paid as top-up. This is contrary to the Regulation 28 (7) of the Public Finance Management Act (Nakuru County Assembly Car Loan, Grant and Mortgage

Scheme Fund) Regulation, 2022 which states that no borrower shall be eligible for more than one loan at a time or more than a total of two loans from the Fund.

In addition, there was no evidence provided that the transactions were administered by a qualified advocate of the High Court contrary to Regulation 23 (5) of the Public Finance Management Regulation (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulation, 2022 which states that all the transactions in respect of the mortgage shall be conducted by a qualified advocate of the High Court of Kenya.

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

3. Failure to Adhere to a Third of Basic Pay Rule on Loans Disbursement

The statement of cash flows reflects loan disbursements paid out amounting to Kshs.101,990,000. Review of records, revealed that the loans were approved for all the thirty-six (36) applicants using one third (1/3) of the gross pay instead of the basic pay. This is contrary to Regulation 13(2) of the Public Finance Management Act (Nakuru County Assembly Car Loan, Grant and Mortgage Scheme Fund) Regulations, 2022 which states that the Committee shall ensure that in disbursing any loan under these Regulations, the net amount payable to a Member of the scheme after all deductions shall not be less than one thirds of the borrower's basic salary.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


31 December, 2024

COUNTY ASSEMBLY OF NAKURU**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024****11. Statement of Financial Performance for the Year Ended 30th June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations		-	-
Transfers From the County Government		-	-
Fines, Penalties and Other Levies		-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	2	33,450,611	13,574,854
Other Income		-	-
		33,450,611	13,574,854
Total Revenue		33,450,611	13,574,854
Expenses			
Fund administration expenses	3	6,511,185	4,524,951
General expenses	4	4,966,859	3,442,200
Finance costs	5	698,176	403,369
Total Expenses		12,176,220	8,370,520
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		21,274,391	5,204,334

The notes set out on pages 8 to 23 form an integral part of these Financial Statements


.....
Fund Administrator
CPA Jane N. Waweru
ICPAK Member No: 7941


.....
Ag. Director of Finance
CPA John K. Kwambai
ICPAK Member No. 9579

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Financial Position As at 30 June 2024


Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	6	243,053,549	198,625,763
Current Portion of Long- Term Receivables from Exchange Transactions	7	114,181,093	106,820,295
Prepayments (Legal and Valuation Fees)	8	4,024,100	4,101,500
Inventories		-	-
Investments in financial assets		-	-
Total current assets		361,258,741	309,547,558
Non-Current Assets			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions	7	505,420,333	516,676,292
Investment Property		-	-
Total non- current assets		505,420,333	516,676,292
Total Assets (A)		866,679,074	826,223,850
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions			-
Current Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions		-	-

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		866,679,074	826,223,850
Represented By:			
Revolving Fund		795,334,362	776,153,529
Reserves		-	-
Accumulated Surplus		71,344,712	50,070,321
Net Assets		866,679,074	826,223,850

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20/11 2024 and signed by:



.....
Fund Administrator
 CPA Jane N. Waweru
 ICPAK Member No: 7941



.....
Ag. Director of Finance
 CPA John K. Kwambai
 ICPAK Member No. 9579

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2022	422,153,529	-	44,865,988	467,019,517
Surplus/(deficit) for the period		-	5,204,333	5,204,333
Funds received during the year	354,000,000	-		354,000,000
Revaluation gain		-	-	-
Balance as at 30 June 2023	776,153,529	-	50,070,321	826,223,850
				-
Balance as at 1 July 2023	776,153,529	-	50,070,321	826,223,850
Surplus/(deficit) for the period		-	21,274,391	21,274,391
Funds received during the year	19,180,833	-		19,180,833
Revaluation gain/Loss (Car Grant)		-	-	-
Balance as at 30 June 2024	795,334,362	-	71,344,712	866,679,074

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	1	19,180,833	354,000,000
Interest received	2	28,223,763	13,574,854
Receipts from other operating activities		-	-
Total receipts		47,404,596	367,574,854
Payments			
Fund administration expenses	3	(6,511,185)	(4,524,951)
General expenses	4	(4,966,859)	(3,442,200)
Finance cost	5	(698,176)	(403,369)
Total Payments		(12,176,220)	(8,370,520)
Adjusted for:			
Decrease/(Increase) in accounts receivable: (Car Loan converted to Car grant)		-	
Decrease/(Increase) in accounts receivable - Refunds			
Increase/(Decrease) in Accounts Payable:		115,000	(4,101,500)
Net cash flows from operating activities		35,343,376	355,102,834
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		111,074,409	80,578,946
Loan disbursements paid out		(101,990,000)	(444,110,500)
Net cash flows used in investing activities		9,084,409	(363,531,554)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		44,427,785	(8,428,720)

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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Cash and cash equivalents at 1 July 2023		198,625,764	207,054,483
Cash and cash equivalents at 30 June 2024		243,053,549	198,625,763

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	KShs	KShs	KShs	KShs	KShs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	85,500,833	(66,320,000)	19,180,833	19,180,833	-	100%
Interest income - Car and Mortgage	26,136,813	-	26,136,813	21,004,037	5,132,776	80%
Interest income - Fixed Deposit	-	12,446,574	12,446,574	12,446,574	(0)	100%
Other income	-	-	-	-	-	
Total income	111,637,646	(53,873,426)	57,764,220	52,631,444	5,132,776	91%
Expenses						
Capital Transfer	85,500,833	(66,320,000)	19,180,833	19,180,833	-	100%
Fund administration expenses	8,712,271	-	8,712,271	6,511,185	2,201,086	75%
General expenses	16,624,542	12,446,574	29,071,116	4,966,859	24,104,257	17%
Finance cost	800,000	-	800,000	698,176	101,824	87%
Total expenditure	111,637,646	(53,873,426)	57,764,220	31,357,053	26,407,168	54%
Surplus for the period	-	-	-	21,274,391	31,539,944	

Budget notes

1. The fund administrator worked on how to maximize income by exploiting all available avenues. This led to investment in fixed deposit account which raised the expected revenue by 12.4 million.
2. On the other hand, the administration fees reduced the expected fund administration expenses since the investment in fixed deposit came with low investment costs.
3. On general expenses, the number of management meetings were also reduced.
4. The changes on the budget from the original to final budget was as a result of advisory by commission on revenue allocation (CRA)

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012. The fund is wholly owned by the Nakuru County Government and is domiciled in Kenya. The funds' principal activity is to advance Car Loans and Mortgages to Members of the County Assembly and staff.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires,

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

for Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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(i) Early adoption of standards

The County Assembly of Nakuru did not early – adopt any new or amended standards in the financial year 2023-2024

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for Financial Year 2022- 2023 was approved by the County Assembly on 29th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations for the FY 2023/2024 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.

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

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

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.

c) Property, plant and equipment

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

a) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

COUNTY ASSEMBLY OF NAKURU

County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Contingent liabilities

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

Contingent assets

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

g) Nature and purpose of reserves

The Nakuru County Assembly creates and maintains reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

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

i) Employee benefits – Retirement benefit plans

The County Assembly of Nakuru 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.

COUNTY ASSEMBLY OF NAKURU

**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) Related parties

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

m) 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.

n) Comparative figures

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

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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6. Notes to The Financial Statements Continued

1. Transfers from County Government

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Transfers to Car Loan and mortgage	19,180,833	354,000,000
Payments by County on behalf of the entity	-	-
Total	19,180,833	354,000,000

2. Interest income

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Interest income from loans mortgage or car loans	21,004,037	13,574,854
Interest from fixed Deposit	12,446,574	-
	-	-
Total Interest Income	33,450,611	13,574,854

Note : Out of the total interest income earned in the year, the fund only received kshs 28,223,763 as reflected in the statement of cashflow on page 5 while the interest receivable of kshs 5,226,848 is shown under receivables from exchange transactions on page 22.

3. Fund Administration Expenses

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Loan processing costs		
Professional services costs	6,511,185	4,524,951
Total	6,511,185	4,524,951

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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4. General Expenses

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Valuation and Legal fees	192,400.00	992,200.00
Staff allowances	3,691,500.00	2,450,000.00
Withholding tax	1,082,959.00	-
Depreciation and amortization costs	-	-
Bank Charges and ledger fees	-	-
Total	4,966,859.00	3,442,200.00

5. Finance costs

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Ledger Fees	692,896	403,369
Bank Charges	5,280	
Total	698,176	403,369

COUNTY ASSEMBLY OF NAKURU**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund****Annual Report and Financial Statements for the year ended June 30, 2024****6. Cash and cash equivalents**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Main Fund Account	35,192,319	170,522,619
Interest Account	7,861,230	17,755,646
Remittance Account	-	10,347,498
Fixed deposits account	200,000,000	
Others	-	-
Total cash and cash equivalents	243,053,549	198,625,763

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		KShs	KShs
Fixed Deposits Account			
On - Call Deposits			
Current Account			
Car loan and Mortgage main Account	18000055807	35,192,319	170,522,619
Interest Account	18000067410	7,861,230	17,755,646
Loan Remittance Account	1800073217	-	10,347,498
Consolidated Bank - Fixed Deposit Acc	10161101000153	200,000,000	
Sub- total		243,053,549	198,625,763
Grand Total		243,053,549	198,625,763

7. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current Receivables		
Interest Receivable	5,226,848	
Current Loan Repayments Due	108,954,244	106,820,295
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	114,181,093	106,820,295
Non-Current Receivables		
Long Term Loan Repayments Due	505,420,333	516,676,292
Total Non- Current Receivables	505,420,333	516,676,292
Total Receivables From Exchange Transactions	619,601,425	623,496,587

COUNTY ASSEMBLY OF NAKURU**County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024****8. Prepayments – Legal and Valuation fees**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Opening Balance	4,101,500	-
Add: Additions during the year	115,000	5,093,700
Less: Payments during the year	(192,400)	(992,200)
Closing Balance	4,024,100	4,101,500

9. Investments in financial assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Consolidated Bank – Fixed deposit	200,000,000	-
Sub- total	200,000,000	-
c. Equity investments (specify)		
Equity/ shares in Entity		
Sub- total		
Grand total	200,000,000	-

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
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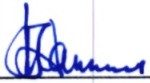
10. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported and irregular general expenses	All payments including allowances and legal fees were made in compliance with sec 6(7) of The Public Finance Management (Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund) regulations 2022. Schedule have been provided.	Resolved	
2.	Inadequate disclosures of prepayments	Adequate disclosures on value of property purchased, valuation costs, amount payable have been provided.	Resolved	
3.	Discrepancies between financial statements and supporting schedules	Discrepancies noted have been reconciled.	Resolved	
4.	Unresolved prior year matters	Unresolved prior year matters all were resolved.	Resolved	
5.	Unapproved budget	County Assembly Service Board approved the budget for financial year 2022/2023.	Resolved.	

COUNTY ASSEMBLY OF NAKURU
County Assembly of Nakuru Car Loan, Grant & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024



CPA. Jane Waweru

Ag. Clerk to County Assembly

Date..... 20/11/2024.....