

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY EXECUTIVE STAFF CAR
LOAN AND MORTGAGE SCHEME FUND**

**FOR THE YEAR
ENDED 30 JUNE, 2022**



COUNTY GOVERNMENT OF KIAMBU
(KIAMBU COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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

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1. Key Entity Information and Management

a) Background information

Kiambu County Executive Staff Fund is established by and derives its authority and accountability from *Public Finance Management and Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016*. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of a residential property by the member of the scheme.

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to ...

(Under this section you may include the fund's vision, mission and core objectives)

c) Board of Trustees/Fund Administration Committee

1	Dr Martin Njogu Mbugua	County Secretary
2	Allan Mwaura	Chairman- County Public Service Board
3	William Kimani	Chief Officer- Finance and Economic Planning
4	Edmund Njihia	Chief officer- lands Housing & physical planning
5	Ann Kinuthia	Director- Human Resource Management

d) Key Management

1	Fund Manager/ Administrator	CPA David Kiiru
2	Fund Accountant	CPA Anne Mugwe

e) Registered Offices

Kiambu County Government Headquarters

Kiambu Town

P.O. Box 2344-00900

Kiambu, KENYA

f) Fund Contacts

Telephone:(254)

0709877000

Email:info@kiambu.go.ke

Website: www.kiambu.go.ke

g) Fund Bankers

Family Bank

Account No. 001000040515

Account No. 001000040516

Kiambu Branch

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O.-Box 30084

GOP 00100

Nairobi, Kenya

i) Principal Legal Adviser

The County Attorney


Kiambu County Government

Kiambu Town

P.O. Box 2344-00900







Kiambu, Kenya

2. The Board of Trustees (or any other governing body for the Fund)

Name	Details of qualifications and experience
 Dr Martin Njogu Mbugua	Date of Birth May 15, 1968 PHD Researcher and lecturer Over 20 years' experience County Secretary
 Allan Mwaura	Date of Birth 02.04.1972 Allan has a cumulative work and professional experience in the Public Service of over 20 years, as an Educationist and Human Resource Management practitioner in the Civil Service.
 William Kimani	Date of Birth 25.08.1977 Chief Officer Finance Over 15 years' experience Chief Officer Finance and Economic planning
 Edmund Njihia Njoroge	Date of Birth 18.03.1976 Manager , Over 15 years' experience Chief Officer Lands, Housing and physical planning
 Ann Kinuthia	Date of Birth 30.05.1978 Human resource management Over 20 years' experience Director human resource
 CPA David Kiiru	Date of Birth 24.05.1974 Auditor Over 18 years' experience Fund administrator

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

Name	Details of qualifications and experience
 Dr Martin Njogu Mbugua	Date of Birth May 15, 1968 PHD Researcher and lecturer Over 20 years' experience County Secretary
 Allan Mwaura	Date of Birth 02.04.1972 Allan has a cumulative work and professional experience in the Public Service of over 20 years, as an Educationist and Human Resource Management practitioner in the Civil Service.
 William Kimani	Date of Birth 25.08.1977 Chief Officer Finance Over 15 years' experience Chief Officer Finance and Economic planning
 CPA David Kiiru	Date of Birth 24.05.1974 Auditor, Lecturer Over 18 years' experience Fund administrator
 Edmund Njihia	Date of Birth 18.03.1976 Manager Over 20 years' experience Chief Officer Lands, Housing and physical planning
 Ann Kinuthia	Date of Birth 30.05.1978 Human resource management Over 20 years' experience Director human resource

4. Board/Fund Chairperson's Report

It is my pleasure to present to you the financial statements of the Kiambu County Executive Staff Fund. The Fund is established by and derives its authority and accountability from Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016. The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of a residential property by the member of the scheme.

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

Changes in the Fund during the year

There were changes in the management of the fund during the year as the Fund Administrator was changed

Current Year Performance

The fund did not disburse funds in the financial year but the beneficiaries repaid shs **11,876,160.00**. The fund wish in the near future to disburse loans to a big number of county executive staff in order to improve lives and livelihoods of its workforce.

Implementation challenges

The fund has faced myriad of challenges in implementation of the fund namely: The revolving fund kitty is not big enough to support the entire county. It has so far supported only the Executive members who have had political interferences challenges as a result of the impeachment of the second governor of the Kiambu County. This has affected the loan servicing as its principal operation was on the basis of deduction of repayment through the salary check off. As unprecedented event with no documented approach the fund faces challenge of default of the previously advanced mortgage funds.

Value for Money and Future Outlook

The fund has started issuing mortgage loans to county executive committee members and finally roll out to other county staff in the near future. This will boost morale of staff while at the same time aimed at attaining value for money. The performance of the fund in future is expected to get better and serve a bigger number of staffs with increased allocation of funds to the mortgage fund.

Signed: _____



WILSON MBURU KANGETHE

CECM FINANCE AND ECONOMIC PLANNING

**KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Report of the Fund Administrator

Kiambu County Executive Staff Fund discussion and analysis provides an overview of the Funds financial activities for the period ended 30th June 2022 .Since this information is designed to focus on the current period activities resulting changes and currently known facts, it should be read in conjunction with the Funds Financial Statements. The financial report is prepared using appropriate accounting policies and in conformity with the IPSAS.

The fund did not disburse funds in the current financial year (2021/2022). A total of Kshs 11,876,160.00 was recovered from the beneficiaries in the FY 2021/2022 leaving a balance of shs 24,649,546.40 performing and non-performing loans.

There were changes in the management of the fund during the financial year 2021/22 since the Fund Administrator was changed.

The fund wish in the near future to disburse loans to a big number of county executive staff in order to improve lives and livelihoods of its workforce. The fund has started issuing mortgage loans to county executive committee members and finally roll out to other county staff in the near future

Implementation challenges

The fund has faced myriad of challenges in implementation of the fund. The revolving fund kitty is not big enough to support the entire county. It has so far supported only the Executive members who have had political interferences challenges as a result of the impeachment of the second governor of the Kiambu County. This has affected the loan servicing as its principal operation was on the basis of deduction of repayment through the salary check off. As unprecedented event with no documented approach the fund faces challenge of default of the previously advanced mortgage funds.

Signed: _____



David Kiiru Matu

Fund Administrator

6. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government 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 objectives of the Kiambu County Executive Mortgage fund is to facilitate mortgage to executive officers in the County so as to ensure that staff have access to affordable housing.

Below we provide the progress on attaining the stated objective:

Objective	Indicator	Target	Actual	Remarks
Mortgage	To support Executive staff in access to mortgage facility	Increased number of staff under the mortgage facility	% of officers motivated to work with the County benefitting from access to Mortgage facility	In FY 21/22 we have continued to ensure the revolving fund is operational by following deducting repayment and issuing out mortgage loans to deserving executive staffs

The fund is in process of developing a 5yr strategic plan

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

7. Corporate Governance Statement

8. Management Discussion and Analysis

Kiambu County Executive Staff Fund discussion and analysis provides an overview of the Funds financial activities for the period ended 30th June 2022. This information is designed to focus on the current period activities resulting changes and currently known facts, it should be read in conjunction with the Funds Financial Statements. The financial report is prepared using appropriate accounting policies and in conformity with the IPSAS.

The committee usually holds management and advisory meeting when need arises to review various requests by members of staff.

Upon approval of various requests and depending on availability of funds, the financial institution (Family Bank Ltd) tasked with the process of issuing Mortgage loans evaluates the ability to pay of various applicants and process the requests accordingly.

The fund did not disburse funds in the current financial year (2021/2022). A total of Kshs 11,876,160.00 was recovered from the beneficiaries in the last nine months of the FY 2021/2022 leaving a balance of Kshs 24,649,546.40 performing and non-performing loans. The fund earned and interest of shs 907,155.90 from the performing loans.

This is interest charged on the performing and non-performing loans at the rate of 3% pa compounded monthly. The interest has been recomputed for all the loans from the time of disbursement to end of financial year 30th June, 2022. In the previous period the loans were being charged interest at rate of 3% on loan balances compounded per annum.

The fund reported a loss of Kshs 7,200.00 .During the year the fund complied with all statutory requirements including submission of the relevant quarterly reports to relevant offices e.g Controller of budget, National Treasury.

The fund complied with the Public Finance Management Act 2012 and Kiambu County Executive Staff Mortgage Scheme Fund regulations 2016.

Major risk affecting the fund including non-performing loans of the former regime. The management has initiated process of recovering the same from the charged collateral.

9. Environmental and Sustainability Reporting

Currently the fund has no corporate social responsibility policy statement therefore no CSR activities were undertaken during year.

10. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 12-16

Trustees

The members of the Board of Trustees who served during the year are shown on page 1 and 3.

Auditors

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

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date:

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Public Finance Management and Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016*, 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, 2022. 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 *Kiambu County Executive Staff Mortgage Scheme Fund Regulations, 2016*. 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, 2022, 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

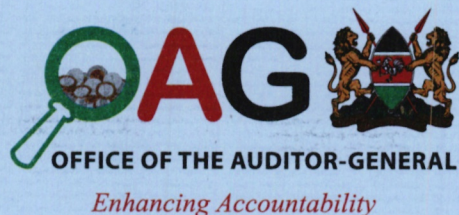
The Fund's financial statements were approved by the Board on 30-06 2022 and signed on its behalf by:

..... 

ADMINISTRATOR OF THE KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 Kiambu County Executive Staff Car Loan and Mortgage Scheme Fund set out on pages 1 to 39, which comprise the

Report of the Auditor-General on the Kiambu County Executive Staff Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2022

statement of financial position as at 30 June, 2022, 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 Kiambu County Executive Staff Car Loan and Mortgage Scheme Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016.

Basis for Qualified Opinion

1. Misrepresentation of the Name of the Fund

The financial statements reflect the name of the Fund as Kiambu County Executive Staff Car Loan and Mortgage Scheme Fund. However, Section 3(1) of the Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016 (enabling legislation) established a fund by the name Kiambu County Staff Mortgage Scheme Fund. No explanation was provided for the discrepancy in the name of the Fund.

In the circumstance, the accuracy and legality of the Fund's name reflected in the financial statements could be confirmed.

2. Failure to Effect Impairment on Non-performing Loans

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.24,086,030 which includes Kshs.19,090,513 (Kshs.17,380,989 and Kshs.1,709,524) due from two (2) individuals who were no longer employees of the County Executive of Kiambu. The individuals were advanced loans of Kshs.32,000,000 and Kshs.2,000,000 in July, 2018 and January, 2020 respectively and repayments of these loans stopped in June, 2020. However, no evidence was provided to show that effort had been made to recover the outstanding loan balance, contrary to Regulation 21(1) of Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016 on recovery of mortgage loans, which stipulates that where the repayment of a loan is not made in accordance with the terms and conditions of the loan, the sum of money due to the Fund shall be recoverable, without prejudice to any other remedy, in civil proceedings in a court of law. Further, Note 4 to the financial statements on significant accounting policies require that loans and receivables be measured at amortized cost using the effective interest method, less impairment. However, even though there is objective evidence that the long-term

receivables from exchange transactions were impaired, Management did not assess the impairment of the financial asset at the reporting date.

In the circumstances, the recoverability of the outstanding amount of Kshs.19,090,513 and, therefore, the accuracy of the reported long-term receivables from exchange transactions balance of Kshs.24,086,030 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu County Executive Staff Car Loan and Mortgage Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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

Prior Year Audit Issues

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Note 19 to the financial statements on progress on follow up of prior year auditor's recommendations indicates that most of the issues have been resolved. However, Management has not provided evidence on how the resolutions were arrived at.

Therefore, the matters remain unresolved.

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 matter 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

Non-Compliance with the Prescribed Reporting Requirements

Review of the annual report and financial statements revealed the following instances of non-compliance with the financial reporting template for County Public Funds and Schemes revised June, 2022, prescribed by the Public Sector Accounting Standards Board, contrary to Section 164(1) of the Public Finance Management Act, 2012, which requires accounting officers of county government entities to prepare financial statements in formats that comply with the relevant accounting standards prescribed and published by the Accounting Standards Board:

- i. The corporate governance statement at Section 7 of the report and financial statements has only the heading and no details.
- ii. The statement of Management responsibilities at Section 11 does not refer to the actual name of the Fund. Instead, it refers to County Public Fund as indicated in the reporting template.
- iii. Budget notes under the statement of comparison of budget and actual amounts are actually instructions copied from the reporting template without editing. The statement does not have items requiring budget notes.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Enforce Loan Repayment Check Off System

Review of records revealed that the Management signed a Memorandum of Understanding (MOU) with the Department of Finance and Economics of Kiambu County Executive. The MOU was to facilitate the loan recovery through the check off system to be enforced by the Department. However, the check off system had not been implemented as agreed, with the Management explaining that the borrowers (loans beneficiaries) directly deposited their monthly loan installments to the bank.

As a result, the efficiency and effectiveness of the loan recovery could not be confirmed.

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 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 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 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

07 March, 2023

**KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022**

13. Statement of Financial Performance for The Year Ended 30th June 2022

		2021/22	2020/21
		Ksh.	Ksh.
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	00	00
Transfers From the County Government	2	00	00
Fines, Penalties and Other Levies	3	00	00
		00	00
Revenue From Exchange Transactions			
Interest Income	4	907,155.98	1,324,224.00
Other Income	5	0	0
		907,155.98	1,324,224.00
Total Revenue		907,155.98	1,324,224.00
Expenses			
Employee Costs	6	00	00
Use of goods and services	7	914,355.98	1,335,024.00
Depreciation and Amortization Expense	8	00	00
Finance Costs	9	00	00
Total Expenses		914,355.98	1,335,024.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	00	00
Surplus/(Deficit) For The Period		(7,200.00)	(10,800.00)

.....
Name: DAVID KIIRU
Administrator of the Fund
ICPAK Member Number:14797

.....
Name: ANNE MUGWE
Fund Accountant
ICPAK Member Number:21053

14. Statement of Financial Position as At 30 June 2022

Statement of Financial Position as At 30 June 2022			
Assets			
Current Assets			
Cash and Cash Equivalents	11	61,562,340.00	50,870,459.00
Current Portion of Long- Term Receivables From Exchange Transactions	12	563,516.30	-
Prepayments	13	-	-
Inventories	14	-	-
		62,125,856.30	50,870,459.00
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	24,086,030.10	30,406,226.00
		24,086,030.10	30,406,226.00
Total Assets		86,211,886.40	81,276,685.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	6,266,425.40	1,324,224.00
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		6,266,425.40	1,324,224.00
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities		-	-
Net Assets		79,945,461.00	79,952,461.00
Revolving Fund		80,000,000.00	74,000,000.00
Reserves		-	-
Accumulated Surplus		-54,539.00	5,952,461.00
Total Net Assets and Liabilities		79,945,461.00	79,952,461.00

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

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 30-06 2022 and signed by:



.....
Name: DAVID KIIRU
Administrator of the Fund
ICPAK Member Number:14797



.....
Name: ANNE MUGWE
Fund Accountant
ICPAK Member Number:21053

15. Statement of Changes in Net Assets for the year ended 30th June 2022

Balance As At 1 July 2020	74,000,000.00	-	5,963,261.00	79,963,261.00
Surplus/(Deficit) For the Period	-	-	(10,800.00)	(10,800.00)
Funds Received During the Year	-	-	-	-
Transfers	00		00	
Revaluation Gain	-	00	-	00
Balance As At 30 June 2021	74,000,000.00	-	5,952,461.00	79,952,461.00
Balance As At 1 July 2021	74,000,000.00	-	5,952,461.00	79,952,461.00
Surplus/(Deficit) For the Period		-	(7,200.00)	(7,200.00)
Funds Received During the Year	00	00	00	00
Prior year adjustment---Note 27	6,000,000,00	-	(6,000,000,00)	
Prior year adjustment—Note27			200.00	200.00
Transfer	00	00	00	00
Revaluation Gain	00	00	00	00
Balance As At 30 June 2022	80,000,000.00	-	(54,539.00)	79,945,461.00

.....
 Name: DAVID KIIRU
 Administrator of the Fund
 ICPAK Member Number:14797

.....
 Name: ANNE MUGWE
 Fund Accountant
 ICPAK Member Number:21053

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

16. Statement of Cash Flows For The Year Ended 30 June 2022

Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received		907,156.00	-
Receipts from other operating activities		-	-
Total receipts		907,156.00	1,324,224.00
Payments			
Fund administration expenses		907,156.00	1,324,224.00
General expenses			
Finance cost			1,324,224.00
Other payments		7,200.00	10,800.00
Net cash flows from operating activities	21	- 7,200.00	- 10,800.00
Adjusted for:			
Decrease/(Increase) in Accounts receivable:	12	5,756,679.58	14,361,906.00
Increase/(Decrease) in Accounts Payable:	17	4,942,201.42	627,325.00
Prior Adjustment	27	200.00	
		10,699,081.00	13,734,581.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		00	00
Proceeds from sale of property, plant & equipment		00	00
Proceeds from loan principal repayments		00	00
Loan disbursements paid out		00	00
Net cash flows used in investing activities		00	00

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

Cash flows from financing activities			
Proceeds from revolving fund receipts		00	00
Additional borrowings		00	00
Repayment of borrowings		00	00
Net cash flows used in financing activities		00	00
Net increase/(decrease) in cash & cash Equivalents		10,691,881.00	13,723,781.00
Cash and cash equivalents at 1 July	11	50,870,460.00	37,146,679.00
Cash and cash equivalents at 30 June	11	61,562,341.00	50,870,460.00

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.....
Name: DAVID KIIRU
Administrator of the Fund
ICPAK Member Number:14797

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.....
Name: ANNE MUGWE
Fund Accountant
ICPAK Member Number:21053

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement of Comparison Of Budget And Actual Amounts For The Period

	Original budget 2022	Adjustments 2022	Final budget 2022	Actual on comparable basis 2022	Performance achieved 2022	% Utilization 2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	0	0	0	0	0	0
Transfers From County Govt.						
Interest Income	907,155.98	0	907,155.98	907,155.98	0	100
Other Income	0	0	0	0	0	
Total Income	907,155.98	0	907,155.98	907,155.98	0	100
Expenses						
Fund Administration Expenses	907,155.98	0	907,155.98	907,155.98	0	100
General Expenses	7,200.00	0	7,200.00	7,200.00	0	100
Finance Cost	00	0	00	00	0	
Total Expenditure	914,355.98	0	914,355.98	914,355.98	0	100
Surplus For The Period	(7,200.00)	0	(7,200.00)	(7,200.00)	0	

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

18. Notes to the Financial Statements

1. General Information

Kiambu County Executive Staff Fund is established by and derives its authority and accountability from Public Finance Management and Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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: <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
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KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

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

	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to</p>

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Operations	<p>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> <p><i>State the impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the County Assembly on 00x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 00xx on the FY 2021/2022 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 in financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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

Summary of Significant Accounting Policies (Continued)

b) 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.

c) 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.

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 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.

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

Changes in accounting policies and estimates

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

e) Employee benefits – Retirement benefit plans

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

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

f) 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.

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Summary of Significant Accounting Policies (Continued)

g) 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.

h) 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.

i) 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.

j) Comparative figures

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

k) Events after the reporting period

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

l) Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of Kiambu.

m) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes to the Financial Statements

1. Public contributions and donations

	KSh	US\$
Donation From Development Partners	00	00
Contributions From The Public	00	00
Total	00	00

2. Transfers from County Government

	KSh	US\$
Transfers From County Govt. –Operations	00	00
Payments By County On Behalf Of The Entity	00	00
Total	00	00

3. Fines, penalties and other levies

	KSh	US\$
Late Payment Penalties	00	00
Fines	00	00
Total	00	00

4. Interest income

Interest Income From Mortgage Loans	907,155.98	1,324,224.00
Interest Income From Car Loans	00	00
Interest Income From Investments	00	00
Interest Income On Bank Deposits	00	00
Total Interest Income	907,155.98	1,324,224.00

This is interest charged on the performing and non-performing loans at the rate of 3% pa compounded monthly. The interest has been recomputed for all the loans from the time of disbursement to end of financial year 30th June, 2022. In the previous period the loans were being charged interest at rate of 3% on loan balances compounded per annum.

5. Other income

Description	2021/22	2020/21
Insurance Recoveries	00	00
Income From Sale Of Tender Documents	00	00
Miscellaneous Income	00	00
Total Other Income	00	00

6. Employee Costs

Description	2021/22	2020/21
Salaries And Wages	00	00
Staff Gratuity	00	00
Staff Training Expenses	00	00
Social Security Contribution	00	00
Other (Specify)	00	00
Total	00	00

7. Use of Goods and Services

Description	2021/22	2020/21
General Office Expenses	00	00
Loan Processing Costs	00	00
Professional Services Costs	00	00
Administration Fees	970,155.98	1,324,224.00
Committee Allowances	00	00
Bank Charges	7,200.00	10,800.00
Electricity And Water Expenses	00	00
Fuel And Oil Costs	00	00
Insurance Costs	00	00
Postage And Courier	00	00
Printing And Stationery	00	00

KIAMBU COUNTY (EXECUTIVE STAFF CAR LOAN AND MORTGAGE SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Rental Costs	00	00
Security Costs	00	00
Telephone And Communication Expenses	00	00
Bank Charges	00	00
Audit Fees	00	00
Provision For Doubtful Debts	00	00
Other (<i>Specify</i>)	00	00
Total	914,355.98	1,335,024.00

8. Depreciation and Amortization Expense

	Kenya Shs	Kenya Shs
Property Plant and Equipment	00	00
Intangible Assets	00	00
Total	00	00

9. Finance costs

Interest On Bank Overdrafts	00	00
Interest On Loans From Banks	00	00
Total	00	00

10. Gain/(loss) on disposal of assets

Property, Plant And Equipment	00	00
Intangible Assets	00	00
Total	00	00

11. Cash and cash equivalents

Loan Issue Car Loan Account	378,551.00	378,551.00
Repayment Mortgage Account	61,183,789.00	50,491,908.00
Fixed Deposits Account	00	00
On – Call Deposits	00	00
Current Account	00	00
Others	00	00
Total Cash And Cash Equivalents	61,562,340.00	50,870,459.00

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

a) Fixed Deposits Account			
Kenya Commercial Bank		00	00
Equity Bank, Etc.		00	00
Sub- Total		00	00
b) On - Call Deposits			
Kenya Commercial Bank		00	00
Equity Bank - Etc.		00	00
Sub- Total		00	00
c) Current Account			
Kenya Commercial Bank		00	00
Bank B		00	00
Sub- Total		00	00
d) Others(Specify)		00	00
Cash In Transit		00	00
Cash In Hand		00	00
Sub- Total		00	00
Grand Total		00	00

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12. Receivables from exchange transactions

Description	2021	2020
	Ksh	Ksh
Current Receivables		
Interest Receivable	563,516.30	00
Current Loan Repayments Due		00
Other Exchange Debtors	00	00
Less: Impairment Allowance	(00)	(00)
Total Current Receivables	563,516.30	00
Non-Current Receivables		
Long Term Loan Repayments Due	24,086,030.10	30,406,226.00
Total Non- Current Receivables	24,086,030.10	30,406,226.00
Total Receivables From Exchange Transactions	24,086,030.10	30,406,226.00

Additional disclosure on interest receivable

Description	2021	2020
	Ksh	Ksh
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	00	00
Accrued interest receivable from of long-term loans of previous years	00	00
Interest receivable from current portion of long-term loans issued in the current year	00	00
Current loan repayments due		
Current portion of long-term loans from previous years	00	00
Accrued principal from long-terms loans from previous periods	00	00
Current portion of long-term loans issued in the current year	00	00

13. Prepayments

Description	2021	2020
	Ksh	Ksh
Prepaid Rent	00	00
Prepaid Insurance	00	00
Prepaid Electricity Costs	00	00
Other Prepayments (Specify)	00	00
Total	00	00

14. Inventories

Consumable Stores	00	00
Spare Parts And Meters	00	00
Catering	00	00
Other Inventories (Specify)	00	00
Total Inventories At The Lower Of Cost And Net Realizable Value	00	00

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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
At 1st July 2020	00	00	00	00	00
Additions	00	00	00	-	00
Disposals	(00)	(00)	-	-	(00)
Transfers/Adjustments	00	(00)	00	(00)	(00)
At 30th June 2021	00	00	00	00	00
At 1st July 2021					
Additions	00	00	00	-	00
Disposals	(00)	-	-	-	(00)
Transfer/Adjustments	(00)	00	00	(00)	(00)
At 30th June 2022	00	00	00	00	00
Depreciation And Impairment					
At 1 st July 2020	(00)	(00)	(00)	(00)	(00)
Depreciation	(00)	(00)	(00)	(00)	(00)
Impairment	(00)	-	-	-	(00)
At 30th June 2021	00	00	00	00	00
At 1st July 2021					
Depreciation	(00)	(00)	(00)	-	(00)
Disposals	00	-	-	-	00
Impairment	(00)	(00)	-	-	(00)

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	Land and Buildings	MOTOR VEHICLES	Furniture and fittings	Computers and other equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	
Transfer/Adjustment	00	(00)	(00)	00	00
At 30th June 2022	00	00	00	00	00
Net Book Values					
At 30th June 2021	00	00	00	00	00
At 30th June 2022	00	00	00	00	00

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Notes to The Financial Statements (Continued)

16. Intangible assets

	2021	2022
	KShs	KShs
Cost		
At Beginning Of The Year	00	00
Additions	00	00
At End Of The Year	00	00
Amortization And Impairment		
At Beginning Of The Year	00	00
Amortization	00	00
At End Of The Year	00	00
Impairment Loss	00	00
At End Of The Year	00	00
NBV	00	00

17. Trade and other payables from exchange transactions

	2021	2022
Trade Payables	5,232,591.25	1,324,224.00
Refundable Deposits	1,033,834.15	-
Accrued Expenses	00	00
Other Payables	00	00
Total Trade And Other Payables	6,266,425.40	1,324,224.00

18. Provisions

	2021	2022	2022	2022
	KShs	KShs	KShs	KShs
Balance At The Beginning Of The Year (1.07.2021)	00	00	00	00
Additional Provisions	00	00	00	00
Provision Utilised	(00)	(00)	(00)	(00)
Change Due To Discount And Time Value For Money	(00)	(00)	(00)	(00)
Transfers From Non -Current Provisions	00	00	00	00
Balance At The End Of The Year (30.06.2022)	00	00	00	00

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Notes to the Financial Statements (Continued)

19. Borrowings

Balance At Beginning of The Period	00	00
External Borrowings During the Year	00	00
Domestic Borrowings During the Year	00	00
Repayments Of External Borrowings During the Period	(00)	(00)
Repayments Of Domestic Borrowings During the Period	(00)	(00)
Balance At End of The Period	00	00

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

External Borrowings		
Dollar Denominated Loan From 'X Organisation'	00	00
Sterling Pound Denominated Loan From 'Y Organisation'	00	00
Euro Denominated Loan from 'Z Organisation'	00	00
Domestic Borrowings		
Kenya Shilling Loan From KCB	00	00
Kenya Shilling Loan from Barclays Bank	00	00
Kenya Shilling Loan from Consolidated Bank	00	00
Borrowings From Other Government Institutions	00	00
Total Balance at End Of The Year	00	00

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

Short Term Borrowings(Current Portion)	00	00
Long Term Borrowings	00	00
Total	00	00

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Notes to the Financial Statements (Continued)

20. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	00	00	00	00	00
Non-Current Benefit Obligation	00	00	00	00	00
Total	00	00	00	00	00

21. Cash generated from operations

Surplus/ (Deficit) For the Year Before Tax	-7,200.00	-10,800.00
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	5,756,679.58	14,361,906.00
Increase In Payables	4,942,201.00	- 627,325.00
Net Cash Flow From Operating Activities	10,691,680.58	13,723,781.00

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Other Disclosures

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021-2022	2020-2021
	KSh	KSh
Transfers From Related Parties'	00	00
Transfers To Related Parties	00	00

c) Key management remuneration

	2021-2022	2020-2021
	KSh	KSh
Board Of Trustees	00	00
Key Management Compensation	00	00
Total	00	00

d) Due from related parties

	2021-2022	2020-2021
	KSh	KSh
Due From Parent Ministry	00	00
Due From County Government	00	00
Total	00	00

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Other Disclosures Continued

e) Due to related parties

	KSh	KSh
Due To Parent Ministry	00	00
Due To County Government	00	00
Due To Key Management Personnel	00	00
Total	00	00

23. Contingent assets and contingent liabilities

	KSh	KSh
Court Case Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

24. Prior Year adjustment

In the audited previous accounts the revolving fund was stated as having a total of shs74,000,000 whereas the actual amount transferred from county treasury was Kshs 80,000,000. The transfer was treated as revenue in FY2017/2018 and 2018/2019, therefore the surplus increased by Kshs 6,000,000. This has now been transferred to revolving fund Account by debiting accumulated surplus and crediting the Revolving fund account. Subsequently the a deficit has been reported which is equivalent to accumulated bank charges of previous years since the interest charged on the loans, is equivalent to the fund administration expenses charged by the financial institution (family Bank). Kshs 200 adjustment relates the over cast of fund administration expenses in the FY 2019/2020 which was supposed to be exactly the same figure with the Interest recognised as revenue in the same year.

Other Disclosures Continued

25. 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	Partially performing Kshs	Non performing Kshs
At 30 June 2022				
Receivables From Exchange Transactions	24,649,546.40	5,559,033.76	19,090,512.64	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	61,562,340.00	61,562,340.00	-	-
Total	86,211,886.40	67,121,373.76	19,090,512.64	-
At 30 June 2021				
Receivables From Exchange Transactions	30,406,226.00	12,288,287.00	18,117,939.00	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	50,870,459.00	50,870,459.00	-	-
Total	81,276,685.00	63,158,746.00	18,117,939.00	-

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

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uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

b) Liquidity risk management

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

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

		Between 12 months and 36 months	Between 36 months and 5 years	Over 5 years
		KSHS	KSHS	KSHS
At 30 June 2022				
Trade Payables	00	00	00	00
Current Portion Of Borrowings	00	00	00	00
Provisions	00	00	00	00
Employee Benefit Obligation	00	00	00	00
Total	00	00	00	00
At 30 June 2021				
Trade Payables	00	00	00	00
Current Portion Of Borrowings	00	00	00	00
Provisions	00	00	00	00
Employee Benefit Obligation	00	00	00	00
Total	00	00	00	00

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

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

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

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

i. Foreign currency risk

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

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

	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	00	00	00
Investments	00	00	00
Cash	00	00	00
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	00	00	00
Borrowings	00	00	00
Net Foreign Currency Asset/(Liability)	00	00	00

Foreign currency sensitivity analysis

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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 exchange rate		Effect on equity	
	Change in exchange rate	Effect on equity	Change in exchange rate	Effect on equity
	KSh	KSh	KSh	KSh
2022				
Euro	10%	00	00	00
USD	10%	00	00	00
2021				
Euro	10%	00	00	00
USD	10%	00	00	00

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 00 (2022: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 00 (2021 – KShs 00)

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2022	2021

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Revaluation reserve	-	-
Revolving fund	80,000,000.00	74,000,000.00
Accumulated surplus	- 54,539.00	5,952,461.00
Total funds	79,945,461.00	79,952,461.00
Total borrowings	- 6,266,425.40	- 1,324,224.00
Less: cash and bank balances	61,562,340.00	50,870,459.00
Net debt/(excess cash and cash equivalents)	55,295,914.60	49,546,235.00
Gearing	69%	62%

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19. 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 (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Expenditure on Administration Costs	The ledger supporting administration expenses and payment voucher for the same have been provided	Jacob Macharia Fund Administrator	Resolved	
2	Unsupported Figure for Long Term Receivables	Loan register with all the outstanding balances for beneficiaries of Mortgage funds has been provided.	Jacob Macharia Fund Administrator	Resolved	
3	Inaccurate Cash and Cash Equivalents	The original bank statement and certificate of bank balance are available for verification.	Jacob Macharia Fund Administrator	Resolved	
4	Inaccuracies in the Financial Statements a) Inaccurate Statement of Changes in Net Assets	The management has prepared financial statements afresh to capture all the gaps that have been highlighted by the Auditor	Jacob Macharia Fund Administrator	Resolved	
5	(b) Inaccurate Comparative Balances	The management has prepared financial statements afresh to capture all the gaps that have been highlighted by the Auditor	Jacob Macharia Fund Administrator	Resolved	
6	(c) Inaccurate Statement of Budget and Actual Amounts	The management has prepared financial statements afresh to capture all the gaps that have been highlighted by the Auditor	Jacob Macharia Fund Administrator	Resolved	
7	Undisclosed Pending	The management would	Jacob	Resolved	

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Reference No. on the internal audit report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Bill - Kshs.12,500,000.00	like to state that we had a budget of 12.5 Million for the financial year 2020/21 but this was later scrapped during the final supplementary budget. Thus there is no pending bill of this amount as the figure only appeared in the budget	Macharia Fund Administrator		
Basis for Conclusion 1.	Failure to Enforce Loan Repayment Check off System as Agreed in the Memorandum of Understanding	During the statutory audit of financial years 2019/20, the auditor highlighted the above query and corrective measures were taken whereby check off system was effected and deductions are made from the payslips of loan beneficiaries and submitted to the bank which manages the fund	Jacob Macharia Fund Administrator	Resolved	
2	Non-performing Loans	The management concurs with the auditor that there are some beneficiaries of the mortgage funds who have defaulted in loan repayments. One of them is the former Governor Kiambu County who was impeached by the Senate and the other one was County Executive Committee Member. Both of them are no longer working for kiambu County Government. The Bank which administers the fund has issued several demand notes and it's in the final stages of	Family Bank Fund Institution	Unresolved	In the process

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		recovering the outstanding amounts through the sale of collaterals issued by the beneficiaries.			

FUND ADMINISTRATOR

DAVID KURU