

REPUBLIC OF KENYA



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REPORT

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OF

THE AUDITOR-GENERAL

ON

**TRANS NZOIA COUNTY ASSEMBLY
MEMBERS AND STAFF CAR LOAN AND
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**TRANSZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR
LOAN AND MORTGAGE SCHEME FUND.**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND
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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
C&M	Car and Mortgage.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

The Trans Nzoia County Assembly (members and staff) Car Loan Mortgage Scheme Fund is established under the County Assembly Service Board. The Fund is established by and derives its authority and accountability from the Public Finance Management ACT (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022. The Fund is wholly owned by the Trans Nzoia County Assembly Service Board Government of County government of Transnzoia and is domiciled in Kenya. The Fund was established with an initial capital seed of Kshs. 200,000,000 appropriated by the County Assembly in the County Appropriation Amendment Act 2013.

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

b) Loans Committee.

Ref	Name	Position
1	Chairperson	Hon. Edwin Kosgei Koech
2	Member	Hon. Bonface Cheloti.
3	Member	Hon. Andrew Kutitila.
4	Member	Hon. Emily Rono.
5	Member	Hon. James Mwangi Gitau.
6	Fund Administrator	C.S Lupao Moses Wanjala.
7	Member	Hezron Kiplagat Kemboi
8	Member	Elkana Korir Kipkurgat.
9	Member	Edward Katama Ngeywa

c) Key Management team

Ref	Name	Position
1	Fund Administrator.	C.S Lupao Moses Wanjala.
2	Fund Accountant.	Hezron Kiplagat Kemboi.
3	Director Legal Services.	Edward Katama Ngeywa
4	Head of Human Resource	Elkana Korir Kipkurgat

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Director Internal Audit	Paul Barasa.
2	Loans Committee.	Hon Edween Kosgei Koech

**TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND
MORTGAGE SCHEME FUND**
Annual Report and Financial Statements for the year ended June 30, 2023

e) Registered Offices

P.O. Box 4222-30200
County Assembly Headquarters Building
County Assembly Street,
Kitale, KENYA

f) Fund Contacts

Telephone: (054- 31380)
E-mail: tranzoiacountyassembly@gmail.com

g) Fund Bankers

1. Family Bank Ltd
P.O. Box 74145
00200
Nairobi, Kenya

2. Sidian Bank Ltd.
P.O.BOX

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





j) County Attorney

P.O Box4211- 30200
Kitale,

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND






Annual Report and Financial Statements for the year ended June 30, 2023

3. Loans Committee.

Name	Details of qualifications and experience
 <p>Hon. Edwin Kosgei Koech Chairperson</p>	<p>He was elected as a member of the County Assembly Cherangany/Suwerwa ward in 9th August 2022 and the leader of majority in October 2022. He is the vice Chairperson to the County Assembly Service Board and Chairperson Loans Committee.</p>
 <p>Hon. Bonface Cheloti Member.</p>	<p>He was elected as Member of County Assembly Saboti ward on 9th August 2022. He is the minority Whip and is a member to the Loans Committee.</p>
 <p>Lupao Moses Wanjala Secretary</p>	<p>He is currently employed by the County Assembly Service Board as the County Assembly Clerk with over 25 years in public service. He is a Certified Public Accountant. He is also a holder of Certified Secretaries of Kenya and Holds Master Degree in Public Policy and Management (Strathmore University). He is charged with the responsibility of overall management of the County Assembly and the Fund.</p>
 <p>Hon Andrew Kutitila Member.</p>	<p>He was elected a member of County Assembly Sikhendu ward 9th August 2022 and the chairperson of Finance Budget Committee in October 2022.</p>

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND





Annual Report and Financial Statements for the year ended June 30, 2023

	<p>He was elected member of County Assembly Bidii Ward in August 2022. He is the majority Chief whip in the house and a member of the Loans Committee.</p>
<p>Hon. James Mwangi - Member</p>	
	<p>He was elected Member of County Assembly Makutano ward on 9th August 2022. She is the chairperson of Catering Labour, social Welfare and Children Committee in the house. She is also a member of the Loans Committee.</p>
<p>Hon. Emily Chepchirchir Rono - Member.</p>	
	<p>He is currently employed by the County Assembly Services Board as the Director Legal Counsel. He holds a bachelor of Law from Moi University with a Diploma from the Kenya School of Law .He is a holder of Certified Public Secretaries .He has 19 years' work experience as an advocate of the High Court of Kenya .He is charged with the responsibility of providing legal advice.</p>
<p>Edward Katama Ngeywa Member.</p>	
	<p>He is currently employed by County Assembly Service Board as Assistant Director Finance. He is serving as the Head of Finance and Accounting department. He is a holder of Bachelors degree in BBM –Finance(Moi University and holds) a Master's Degree in Finance (JKUAT). He has over 10 years in the field of public Finance.</p>
<p>Hezron Kiplagat Kemboi Member.</p>	
	<p>He is currently employed by the County Assembly as the head of Human Resource, he holds a bachelor's degree in Human Resource Management and is currently pursuing a MBA in Human Resource he is incharge of overseeing human resource matters.</p>
<p>Elkana Kipkurgat Korir. Member.</p>	

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

 <p>C.S Lupao Moses Wanjala. Fund Administrator.</p>	<p>He is currently employed by the County Assembly Service Board as the County Assembly Clerk with over 25 years in public service. He is a Certified Public Accountant. He is also a holder of Certified Secretaries of Kenya and Holds Master Degree in Public Policy and Management (Strathmore University).He is charged with the responsibility of overall management of the County Assembly and the Fund.</p>
 <p>Hezron Kiplagat Kemboi Fund Accountant.</p>	<p>He is currently employed by County Assembly Service Board as Assistant Director Finance.He is serving as the Head of Finance and Accounting department.He is a holder of Bachelors degree in BBM –Finance(Moi University and holds) a Master’s Degree in Finance (JKUAT).He has over 10 years in the field of public Finance.</p>
 <p>Edward Katama Ngeywa Director Legal Services</p>	<p>He is currently employed by the County Assembly Service Board as the Director of Legal Counsel. He holds a Bachelor of Law from Moi University with a Diploma from the Kenya School of Law. He is a holder of Certified Secretaries. He has 19 years’ work experience as an advocate of the high court of Kenya. His charged with the responsibility of providing legal advice.</p>
 <p>Elkana Korir Kipkurgat. Deputy director Human resource.</p>	<p>He is currently employed by the County Assembly as the head of Human Resource, he holds a bachelor’s degree in Human Resource Management and is currently pursuing a MBA in Human Resource he is in-charge of overseeing human resource matters.</p>

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Chairperson's Report.

It is my pleasure to present the financial statements for Transnzoia County (Members and Staff) Car Loan and Mortgage Scheme Fund for the year ended 30th June 2023. The Financial Statements present the financial performance of the Fund over the past financial year. The Loan management committee took over from the previous Board of Trustees whose Term of service came to an end in the previous financial year. CS Lupao Moses Wanjala was also appointed the Fund Administrator taking over from Ainea Obare Indakwa who retired from service.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund going concern is secured. During the year the fund has been able to secure extra funding from the County Assembly to a tune of **Kshs 66,100,000** to enhance the fund's portfolio.

Review of Performance.

The fund received interest income of **Kshs 3,258,449** and **Kshs. 2,131,480** being 1% loan processing fee after disbursing loans to members of staff and Members of County Assembly Car Loan and Mortgage.

Expenditures.

The total expenditures during the period amounted to **Kshs 2,510,443** relating to use of goods and services.

Appreciation.

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

I look forward to your continued support in the year **2023-2024**.

Signed:

Hon. Edwin Kosgei Koech.

Name.....Signature.....Date...16/01/2024.....

Chairperson of the Board/Fund

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of the Fund Administrator.

It's is my pleasure to present the financial statements for Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund for the Year ended 30th June 2023. The Scheme is established under the Public Finance Act (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan & Mortgage Scheme Fund Regulations, 2021, the Regulations have undergone tremendous changes to comply with the Public Finance Act and the Salaries and Remuneration advisories on the operations of Car and Mortgage Schemes. Latest amendment was done in December, 2022.

During the year under review, a total of Kshs. **213,148,000** was disbursed, out of this **Kshs. 32,798,000** was disbursed to 30 members of Staff while Kshs. **180,350,000** was disbursed to 34 members of County Assembly and the Speaker.

The fund recovered a total of **Kshs. 30,728,953** as principal amount leaving a principal due amount of **Kshs. 6,494,725** as at 30th June 2023. The fund also received **Kshs. 3,258,449** as total income on loan leaving an interest due amount of **Kshs. 968,830**

Salaries and Remuneration Commission Circular No. SRC/TS/COG/3/61/48 Vol II dated 9th Feb 2021, the Car loan scheme for members of county Assembly was terminated and members were therefore facilitated with car grant amounting to **Kshs. 82,000,000 (Eighty-Two Million)**. This was drawn from County Assembly Account No. 01026020002766 held at Sidian Bank Kitale with a deposit of **Kshs 200,000,000 (collateral guarantee car loans to MCAS)** thereby reducing the funds portfolio.

In an effort to regularise the operations of the fund, the County Assembly replenished an amount totalling to **Kshs 66,100,000** during the year under review.

Future Outlook.

In the coming financial year 2023 / 2024, the fund intends to disburse Kshs. 50,000,000 (**Fifty million**) to 34 members of staff; this will in turn translate to extra income from interest's earnings

Value for Money Achievement.

The Members of County Assembly and Staff who benefited from the fund have had their livelihoods improved than before through purchase of properties and motor vehicles. The fund on the other hand has achieved value for its money evidenced from total income from loans of **Kshs. 3,258,449** in the year. Further at the close of the financial year, kshs. **968,830** was interest due.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

Management Risk Management Strategies.

The management's risk strategies of the fund include but are not limited to loan security: All loan applicants are required to provide security as a requirement to qualify for any loan disbursement. This is in form of land title deed that is registered in the name of the person applying for the loan.

Due diligence: All documents provided for as security are subjected to a background check to ascertain their authenticity for example logbook and title deed search.

Loan insurance: All loans disbursed are insured at the cost of the loanee incase of death cases and/or bad debts.

Loanee Credit worthness vetting: It has to be ascertained by the Loan management committee that all loan applicants are creditworthy by checking the payslip ability against the loan being applied for or the remaining period in service against the repayment period.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

7. Statement of Performance against the County Fund's Predetermined Objectives

Progress and Challenges on Attainment of The Funds Strategic Objectives.

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 shall prepare in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives. The key development objectives of Trans Nzoia County Assembly (Members and staff) Car Loan and Mortgage Scheme Fund 2022-2027 plan are to;

Provide affordable car loans to members of staff and Members of County Assembly

- a) Provide Mortgage facilities to Members of Staff and Members of County Assembly
- b) Facilitate growth of the fund

Objective	Outcome	Indicator	Performance	Challenges
Provide Car loans and Mortgage to staff members.	Funds were disbursed to staff who applied for loans.	30 members of staff benefited	The fund disbursed Kshs. 32,798,000 To 30 staff members.	Late remittance of loan recoveries from the Assembly due to delays in disbursements from National Treasury.
	To provide car loans and Mortgage to Members of Staff	To provide car loans and Mortgage to Members of Staff	To provide car loans and Mortgage to Members of Staff	Late remittance of loan recoveries from the Assembly due to delays in disbursements from National Treasury.
To provide car loans and Mortgage to Members of the County Assembly	Car and mortgage loans were disbursed to all the 34 Members.	34 MCAS benefited	The Fund disbursed Kshs 180,350,000 to 34 members of County Assembly	Late remittance of loan recoveries from the Assembly due to delays in disbursements from National Treasury.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

8. Corporate Governance Statement

The Fund.

The Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to Public Finance Management Act (No .18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022. Its mandate is to provide Car Loans and Mortgage to members of County Assembly and Staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements.

Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with fund administration committee at its apex. The roles and functionality of the fund are drawn from Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022

(Under this section, include:

- *the number of Board/Trustee meetings held and the attendance to those meetings by members,*
- *succession plan,*
- *existence of a board/trustee charter,*
- *process of appointment and removal of trustees,*
- *roles and functions of the Board/Trustee,*
- *induction and training,*
- *board and member performance,*
- *conflict of interest,*
- *board/trustee remuneration,*
- *ethics and conduct as well as governance audit.)*

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

9. Management Discussion and Analysis

The fund has seen tremendous growth and the management has put in place measures to safeguard against risks. The fund activities expose it to a variety of risks including credit and liquidity risks. The fund's overall risk management programmes focus on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The fund does not hedge any risks and has in place policies to ensure that credit is only extended to members with an established credit history. However during the year under review; the fund had non-performing loans amounting to **Kshs.540,200** arising from a staff member (Mr Leonard Wekesa) who was transferred to I.E.B.C. The fund followed up the matter and the said staff member has since started servicing the loan.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and seeks to make sure that statutory requirements relating to the functions of the fund and seeks to make sure that statutory deductions are remitted on time to avoid penalties and interests for non-compliance.

Revenue

The Fund received a total of **Kshs. 66,100,000** from County Assembly to beef up the revolving fund; Interest earned in the year under review was **Kshs 3,258,449 and Kshs. 2,131,480** 1% administrative fee on loans disbursed.

Cash Flows

In the Fiscal year 2022/2023, the fund disbursed to members of Staff and members of County Assembly was more than for prior years meaning the number of beneficiaries was higher compared to preceding financial years

Operational Performance.

The Fund's core operating activity has been to offer car loan and mortgage facilities to members of staff and members of the County Assembly at an affordable 3% interest rate per annum.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Transnzoia county Assembly (members and staff) car loan and mortgage holds Accountability and independence as its core values and uses a participatory and collaborative approach in order to openness and transparency. It has embraced the use of information technology and communication technologies. This has enabled the Fund to promptly communicate with various of its stakeholders.

2. Environmental performance

The fund endeavours to go paperless in terms of communication to external parties and stakeholders. To this end, the management has been provided with laptops to facilitate communication.

3. Employee welfare

Employees of the fund are hired competitively on merit giving equal opportunities to gender, tribe and ethnicity.

4. Market place practices-

The organisation should outline its efforts to:

- a) Transnzoia County Assembly (members and staff) competitively source for its services thus giving every supplier equal chance to participate in the tendering.
- b) Payments of services rendered are made promptly as and when the services are provided.
- c) For every public engagement the fund has ensured publication of advertisement in the mainstream media with widest circulation.
- d) Product stewardship-

5. Corporate Social Responsibility / Community Engagements

Although the fund hasn't participated in any of the community activities due to lack of adequate resources, Trans Nzoia County Assembly Car and Mortgage Fund Scheme hopes to set aside a budgetary allocation in future once the fund portfolio grows.

11. Report of The Trustees

The Trustees submit their report together with audited financial statements for the year ended 30th June 2023 which shows:

Principal activities

The principal activities of the Fund are to provide Loans to members of the County Assembly and Staff of Trans Nzoia County Assembly at an affordable interest of 3%

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1-5

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

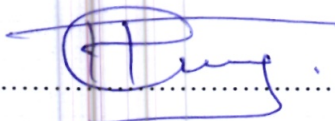
Trustees

The members of the Board of Trustees who served during the year are shown on page vi to vii. The changes in the Board during the financial year are as shown below:

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



.....
Hon. Edwin Koech Kosgei

Chair of the Board/Fund Administration Committee

Date: 16 January 2024.

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

12. 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 Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2014 shall prepare financial statements for Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund is responsible for the preparation and presentation of the financial statements, which gives 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, 2023. 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 Trans Nzoia County Assembly (Members and Staff) Car Loan 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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund accepts responsibility of the 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 Trans Nzoia County Assembly Mortgage Scheme Fund Regulations, 2014. The Administrator of Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund is of the opinion that the financial statements gives a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of Trans Nzoia County Assembly (Members and Staff) Car Loan 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.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on **16 January 2024** and signed on its behalf by:

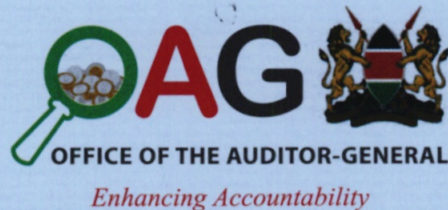
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C.S Lupao Moses Wanjala
Administrator Trans Nzoia County Assembly (Members and Staff) Car and Mortgage Fund Scheme.



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY ASSEMBLY MEMBERS AND STAFF CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An 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 Trans Nzoia County Assembly Members and Staff Car Loan and Mortgage Scheme Fund set out on pages 1 to 30, which

comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Trans Nzoia County Assembly Members and Staff Car Loan and Mortgage Scheme Fund as at 30 June, 2023, 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 (The Trans Nzoia County Assembly Members and Staff Car Loan and Mortgage Scheme Fund) Regulations 2022, County Governments Act, 2012 and The Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracy of Long-Term Receivable from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.211,009,234 as at 30 June, 2023 which differed with Kshs.206,844,406 derived from analysis of payroll by-products outstanding balance by unexplained variance of Kshs.4,164,829. Further, analysis of the loan repayment schedules revealed loan under-recoveries for three borrowers amounting to Kshs.250,679. In addition, current receivables from exchange transactions that had become due from the long-term receivables or would be due in the next twelve (12) months were not been determined and reported as required by the standards and approved reporting template.

Under the circumstances, the accuracy and completeness of the long-term receivables from exchange balance of Kshs.211,009,234 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Trans Nzoia County Assembly Members and 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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter 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

As previously reported, recommendations from the oversight bodies on the issues raised in the audit reports for 2021/2022 and earlier financial years were not submitted for audit verification and clearance. The issues remained unresolved at the time of audit contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

The Management is responsible for the other information set out on page iv to ix which comprise of Key Entity Information and Management, Loans Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management Responsibilities.

The other information does not include the financial statements and my audit report thereon.

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 USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Insurance Policy for Loans Advanced

The statement of financial position reflects long-term receivables from exchange transactions of Kshs.211,009,235 which as disclosed in Note 7B to the financial statements relate to outstanding loans advanced to staff and members of the County Assembly. However, there was no evidence that comprehensive motor vehicle insurance or a mortgage protection policy and fire policy with an insurance firm approved by the Board was taken contrary to Regulation 16(1) of the Trans Nzoia County Assembly Members and Staff Car loan and Mortgage Scheme Fund Regulations, 2022 which requires that a borrower shall take out and maintain a comprehensive motor vehicle policy or a mortgage protection policy and fire policy with an insurance firm approved by the

Board, the cost of which shall be paid out of the Fund and debited to such a borrower's account.

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

2. Fund Administration Fees

The statement of financial performance and Note 4 to the financial statements reflects use of goods and services amount of Kshs.2,510,443 which includes Kshs.696,447 being one percent (1%) interest paid to a commercial bank as a Fund Administrator. The County Assembly signed a Memorandum of Understanding with a commercial bank to administer the Fund in October, 2022 which stipulated the obligations of the Bank and the Assembly. However, the following was observed;

- (i) A mortgage protection policy and fire policy from an insurance firm was not provided for audit review as evidence that the loans were insured by the Bank as required by Paragraph 3(1) of the Memorandum of Understanding which obligated the bank to cause to be insured the loans before they are advanced to members of the scheme, premium for both car and mortgage loans to be taken upfront for the entire loan tenure.
- (ii) Paragraph 3 (Sub-Paragraph 2 and 3) states that it is the obligation of the Bank to disburse cheques or credit to respective bank accounts for approved loans to the members and staff and to pay all outgoings and issue demand notices where necessary to members through the officer administering the fund. These obligations are responsibilities of the Bank in the normal daily operations and no fees should be charged on them.
- (iii) There is no clear demarcation of the roles of the Bank and the Loans Committee.

Consequently, the Bank was in breach of Memorandum of Understanding and the Fund risks losing monies through risk of default, unnecessary charges levied against services included in the Memorandum of Understanding with the Bank and duplicated roles between the Loans Committee and the Bank.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (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 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 THE 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 matters described in the Basis for Conclusion on Internal Controls, Risk Management and Overall 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

1. Lack of Internal Audit and Risk Management Policy of the Fund

There was no evidence that the internal audit department has ever carried out an audit since inception of the Fund contrary to Regulation 153(1) of the Public Finance Management (County Government) Regulations, 2015 which states that internal auditors should review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in County Government entities.

In addition, the Fund does not have a fire and risk management strategy contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Government) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal controls that builds robust business operations.

In the circumstances, there was no assurance over the Fund's internal controls, risk management and overall governance.

2. Lack of Approved Budget, Strategic and Operational Plan

The Fund operated without approved budget estimates in contravention of Regulation 31(a) of the Public Finance Management (County Government) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the County Government budget estimates and approved for one year only and Regulation 99(2) of the Public Finance Management (County Government) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

The Fund also did not have a strategic and operational plan to guide its activities and objectives during the year.

Consequently, it was not possible to ascertain whether the operations of the Fund were within the appropriate plan and budget.

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

Responsibilities of Management and the Loans Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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.

The Loans Committee 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

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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 Funds 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 March, 2024

**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government.		-	-
Revenue From Exchange Transactions			
Interest Income	2	4,227,279	664,788
Other Income	3	2,131,480	-
Total Revenue		6,358,759	664,788
Expenses			
Use of goods and services.	4	2,510,443	6,420
		-	-
Total Expenses		2,510,443	6,420
Other Gains/Losses		-	-
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		3,848,316	658,368

(The notes set out on pages 20 to 22 form an integral part of these Financial Statements)

.....
Name: Lupao Moses Wanjala.
Administrator of the Fund
ICPAK Member Number: 8315

.....
Name: Hezron Kiplagat Kemboi
Fund Accountant



TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	12,442,355	132,812,457
Interest Income due	7A	968,830	115,692
Total current assets		13,411,185	132,928,149
Non-Current Assets			
Long Term Receivables from Exchange Transactions	7B	211,009,234	21,242,324
Interest Income due Transferred to current receivable		-	(115,692)
Total non- current assets		211,009,234	21,126,632
Total Assets		224,420,419	154,054,781
Net Assets			
Current Liabilities			
Current Payable-1 % Administration fee to Family Bank	8	417,322	
Total Current Liabilities		417,322	
Revolving Fund		219,496,413	153,396,413
Reserves		-	-
Accumulated Surplus		4,506,684	658,368
Total Net Assets and Liabilities		224,420,419	154,054,781

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 **16 January 2024** and signed by:

Lupao Moses Wanjala

Name: Lupao Moses Wanjala
Administrator of the Fund
ICPAK Member Number:8315



Name: Hezron Kiplagat Kemboi
Fund Accountant



Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	153,396,413	-	-	153,396,413
Surplus/(Deficit) For the Period	-	-	658,368	658,368.
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	153,396,413	-	658,368	154,054,781
Balance As At 1 July 2022	153,396,413	-	658,368	154,054,781
Surplus/(Deficit) For the Period	-	-	3,848,316	2,879,486
Funds Received During the Year	66,100,000	-	-	66,100,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	219,496,413	-	4,506,684	224,003,097

TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received	7A	3,258,449	664,788
Receipts from other operating activities	3	2,131,480	-
Total receipts		5,389,929	664,788
Payments			
Fund administration expenses		-	-
Use of Goods & services	4	2,510,443	6420
Finance cost		-	-
Other payments		-	-
Total Payments		2,510,443	-
Cash flows from operating activities		2,879,486	632,766
Less : Increase in Interest receivable	7A	(853,138)	(25,602)
Add: Increase in Accounts Payable	8	417,322	
Net cash flows from operating activities		2,443,670	
Cash flows from investing activities			
Proceeds from loan principal repayments	7B	30,728,953	5,552,398
Loan disbursements paid out	7B	(213,148,000)	(7,000,000)
Increase in principal amounts due during the year		(6,494,726)	653,843
Net cash flows used in investing activities		(188,913,77)	(2,101,445)
Cash flows from financing activities			
Proceeds from revolving fund receipts	1	66,100,000	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(120,370,102)	1,468,679
Cash and cash equivalents at 1 July 2022		132,812,457	134,281,136
Cash and cash equivalents at 30 June 2023	5	12,442,355	132,812,457

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting)

TRANS NZOLA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2023

**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

18. Statement of Comparison Of Budget And Actual Amounts for The Period Ended 30th June 2023.

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Revolving Fund	153,396,413		153,396,413	219,496,413	(66,100,000.00)	
Reciepts from County Assembly	35,467,000	30,633,000	66,100,000	66,100,000	-	100%
Interest Income	4,542,740	-	4,542,740	3,258,449	1,284,291.00	72%
1% Administrative fee- income	2,220,000	-	2,220,000	2,131,480	88,520.00	96%
Total Income	195,626,153	30,633,000	226,259,153	290,986,342	(64,727,189.00)	
Expenses						
Loan Disbursements.	192,088,003	-	222,721,003	213,148,000	9,573,003	96%
Fund Administration Expenses		-		-	-	-
Use of goods and services	3,538,150	-	3,538,150	2,510,443	1,027,707	71%
Finance Cost		-	-	-	-	-
Total Expenditure	195,626,153	-	226,259,153	215,658,443	10,600,710	-
Surplus For the Period		-	-	75,327,899	(75,327,899.00)	-
Capital expenditure		-	-	-	-	-

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (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.

19. Notes to the Financial Statements

a) General Information

b) 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.

c) Adoption of new and revised standards

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments 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>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</p>

Standard	Effective date and impact
	financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and I The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued
Other improvements to IPSAS	<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> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and

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Standard	Effective date and impact:
	present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i> The Standard requires, 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: 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>

(ii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

4. Significant Accounting Policies

d) 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.

e) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 18/05/2023. 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 of Kshs. 30,633,000 on the FY 2023 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

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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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

Significant Accounting Policies (Continued)

presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

f) 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,

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Summary of Significant Accounting Policies (Continued)

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.

Summary of Significant Accounting Policies (Continued)

e) 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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately)** 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.

f) 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. (amend as appropriate).* 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

Summary of Significant Accounting Policies (Continued)

recognition, the entity measures a financial asset or financial liability at its fair value plus

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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.

Summary of Significant Accounting Policies (Continued)

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 cash flows 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.

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.

Summary of Significant Accounting Policies (Continued)

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 *N/A*.

Financial liabilities

Classification

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

g) 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.

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Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

Significant Accounting Policies (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) 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.

m) 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.

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Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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.

q) 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.

Summary of Significant Accounting Policies (Continued)

r) Comparative figures

The comparative figures for the previous financial year have been maintained as per the audit certificate.

g) 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.

Summary of Significant Accounting Policies (Continued)

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

h) 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.

i) 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.

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Summary of Significant Accounting Policies (Continued)

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

j) 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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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Notes to the Financial Statement

1. Transfers from County Assembly

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From County Assembly. –Operations	66,100,000	-
Total	66,100,000	-

2. Interest income

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest Income from Mortgage and Car Loans	4,227,279	664,788
Total Interest Income	4,227,279	664,788

3. Other income

Description	2022/2023	2021/2022
	Kshs	Kshs
-1% administration loan processing fee received	2,131,480	-
Total Interest Income	2,131,480	-

4. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Bank Charges – Sidian A/C 01026020002766	600	1,380
Bank Charges – Sidian A/C 01026020004444	6,696	5,040
Bank Charges – Family Bank 093000047820	3,200	-
I% Interest paid to Family Bank	696,447	-
Legal fee	1,803,500	-
Total	2,510,443	6,420

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund

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5. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Sidian – A/c 01026020002766.	1,875,115	131,741,762
Staff Car and Mortgage 01026020004442	455,392	1,070,695
Family Bank A/C -093000047820	10,111,847	-
Total Cash And Cash Equivalents	12,442,354	132,812,457

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs.	Kshs.
a) Current Account			
Sidian Bank Kitale Branch	01026020002766	1,875,115	131,741,762
Sidian Bank Kitale Branch	01026020004442	455,392	1,070,695
Family Bank Kitale branch	093000047820	10,111,847	
Sub- Total		12,442,355	132,812,457

6. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Surplus/ (Deficit) For the Year Before Tax	2,879,486	658,368
Adjusted For:		
Interest Income	5,389,929	664,788
Use of goods and services	(2,510,443)	(6,420)
Working Capital Adjustments		
Increase In Receivables	-	(25,602)
Surplus / deficit	(2,879,486)	732,766

7. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs.	Kshs.
A. Interest Receivable		
Accrued interest receivable from long-term loans of previous years(Balance brought forward)	115,692	90,090
Gross interest income due during the year from MCAS	3,341,308	526,419
Gross interest income due during the year from Staff	770,279	-
	4,227,279	616,509

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Less: Interest Received during the year		(500,817)
Interest received from MCA'S	2,521,768	
Interest received from Staff	736,681	
Total Interest Receivable due during the year	968,830	115,692
B. Non-Current Receivables		
Balance Brought Forward	21,126,632	19,025,187
Loans disbursed during the year MCAs	180,350,000	7,000,000
Loans disbursed during the year Staff	32,798,000	-
	234,274,632	26,025,187
Loans recoveries/ Loans Repayment during the year	(30,728,953)	(5,552,398)
Add:	203,545,679	20,472,789
Principal amounts due during the year – MCAs (Amounts not yet remitted to the fund account by the assembly)	6,073,734	653,843
Principal amounts due during the year –Staff (Amounts not yet remitted to the fund account by the assembly)	420,991	-
Interest Income due Transferred to current receivable	968,830.00	
Total Non- Current Long term Principal Loan repayment due	211,009,234	21,126,653

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Notes to the Financial Statement

8. Current Payable-1 % Administration fee to Family Bank operations

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Loan administration fee payable to Family Bank	1,113,769.24	-
Less: Paid during the year	(696,447.00)	-
Balance B/f	417,322.24	-

9. Related party balances

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

Notes to the Financial Statement (Continued)

10. 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:

Reports and Financial Statements

For the Year ended 30 June 2023

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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	211,009,235	211,009,235	-	-
Receivables From Non-Exchange Transactions	968,830	968,830	-	-
Bank Balances	12,442,355	12,442,355	-	-
Total	224,420,420	224,420,420	-	-
At 30 June 2022			-	-
Interest Receivables From Exchange Transactions	115,692	115,692	-	-
Receivables From Exchange Transactions	21,126,653	21,126,653	-	-
Bank Balances	132,812,457	132,812,457	-	-
Total	154,054,802	154,054,802	-	-

Notes to the Financial Statement (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

b) Liquidity risk management

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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.

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

Notes to the Financial Statement (Continued)

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.

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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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

Notes to the Financial Statement (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

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Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has 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 xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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Notes to the Financial Statement (Continued)

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:

Description	Current FY	Comparative FY
	Kshs	Kshs
Revolving fund	219,496,413	153,396,413
Accumulated surplus	3,537,854	658,368
Total funds	223,034,267	154,054,781
Less: cash and bank balances	(12,442,355)	(132,812,457)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	96%	14%

11. Events after the reporting period

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

12. Ultimate and Holding Entity

The Trans Nzoia County Assembly (members and staff) Car Loan Mortgage Scheme Fund is established under the County Assembly Service Board. The Fund is established by and derives its authority and accountability from the Public Finance Management ACT (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022.

13. Currency

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

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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5. 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)
NRRO/TNCASLM /2021-2022-02-0026-18(2)	Errors in Annual reports and Financial Statements Criteria		Resolved	
	Inaccuracies in the Annual Report and Financial Statements		Resolved	
	Cash and Cash Equivalents		Resolved	

Guidance Notes:

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

Fund Administrator.

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund

Date: 16 January 2024.

Handwritten signature

