

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY ASSEMBLY EMPLOYEE
CAR LOAN AND MORTGAGE SCHEME FUND**

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



PAPERS LAID	
DATE	26.02.2025
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COMMITTEE	
CLERK AT THE TABLE	BELINDA



**COUNTY
GOVERNMENT OF
BUNGOMA**



**BUNGOMA COUNTY
ASSEMBLY – EMPLOYEE
CAR LOAN AND
MORTGAGE FUND**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

30th June, 2024



COUNTY ASSEMBLY OF BUNGOMA
BUNGOMA COUNTY ASSEMBLY – EMPLOYEE CAR LOAN AND
MORTGAGE FUND

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

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

County Assembly of Bungoma
Bungoma County Assembly – Employee Car loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

CAB	County Assembly of Bungoma
CASB	County Assembly Service Board
CHRP	Certified Human Resources Professional
CPA	Certified Public Accountant
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
PFM	Public Finance Management
PhD	Doctor of Philosophy
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission

b) Glossary of Terms

Fiduciary Management: The key management personnel who had financial responsibility

2. Key Fund Information and Management

a) Background information

Bungoma County Assembly Employee Car Loan and Mortgage Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012 on 16th January 2017 and 19th April 2018 for the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018 respectively. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to administer a mortgage and car loan scheme for members of staff to access loan facilities for purchase and development of residential houses; and purchase of motor vehicles for personal use by members of the scheme. The fund is managed by a fund administrator who through the Fund Administration Committee is charged with the responsibility of processing loans from applicants in accordance with the regulations, setting up a revolving fund for the disbursement of loans and supervising day to day operation of the fund.

The objective of the fund is to;

- (i) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- (ii) Raise funds for the implementation of the objectives contemplated above.



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Key Fund and Management (Continued)

Fund Administration Committee

The Fund Administration Committee members who held office during the financial year period ended 30 June, 2024 were;

Ref	Name	Position
1	Dr Leonard Juma Momos	Chairperson
2	Abraham Simiyu Wekesa, CHRP	Member
3	Ignatius Wangila	Member
4	Ann Nang'oni Wekesa, CHRP	Member
5	Symon Wanjala Walukana, CPA	Member
6	Mr Charles W. Wafula	Fund Administrator

c) Key Management Team

Ref	Name	Position
1	Mr Charles W. Wafula	Fund Administrator
2	Symon Wanjala Walukana, CPA	Principal Finance Officer
3	Ann Nang'oni Wekesa, CHRP	Senior Human Resource Manager
4	Elias Taskin	Fund Accountant

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Principal Internal Audit	Alfred Makokha, CPA

e) Registered Offices

P.O. Box 1886 - 50200
County Assembly of Bungoma Building
Moi Avenue
Bungoma, KENYA

Key Fund and Management (Continued)

f) Fund Contacts

Telephone: 020 2651905 or 020 8000663

E-mail: info@bungomaassembly.go.ke

Website: www.bungomaassembly.go.ke

g) Fund Bankers

1. Kenya Commercial Bank
P.O. Box 201 - 50200
Moi Avenue
Bungoma, KENYA

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

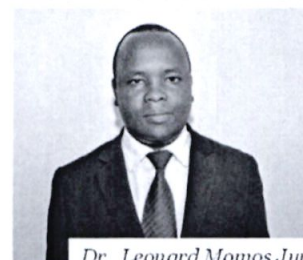
j) County Attorney

County Government of Bungoma
P.O. Box 437 - 50200
Bungoma, Kenya

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3. Fund Administration Committee

Dr. Momos Leonard is a distinguished academic and professional expert with extensive knowledge in business management and strategic leadership. He holds a PhD in Business Management with a focus on Strategic Management from Masinde Muliro University of Science and Technology, complemented by an MBA in Strategic Management from Kibabii University.



*Dr. Leonard Momos Juma
Chairperson*

His educational background also includes a Bachelor's degree in Education Arts from Moi University and various diplomas and certifications in areas including strategic management, performance appraisals, gender mainstreaming, and parliamentary practices, reflecting his commitment to continuous professional development and expertise in both management and educational fields. He currently serves as the Deputy Clerk of Legislative Services at the County Assembly of Bungoma, where he has held pivotal roles in legislative services. Dr. Leonard is also a seasoned consultant and trainer, having participated in numerous workshops and conferences, including significant contributions to research, legislative management, reviewing advocacy plans and developing and review strategic plans. His achievements include transforming the County Assembly's document management system and authoring key procedural handbooks and have authored several influential publications.

Mr. Ignatius Wangila is the Principal Legal Counsel at the County Assembly. He holds an LLB from Kampala International University and a Diploma in Law from the Kenya School of Law.



*Ignatius Wekesa Wangila
Member*

He is an Advocate of the High Court of Kenya, a Commissioner for Oaths, and a Certified Secretary (Advanced Level). Before his current role, Mr. Wangila served as a Prosecuting Counsel in the Office of the Director of Public Prosecutions and worked as a Private Legal Practitioner.

Simon Walukana, CPA is the Principal Finance Officer at the County Assembly. He holds a Bachelor's Degree in Commerce (Accounting Option) and a Diploma in Accountancy and is a CPA-K holder.

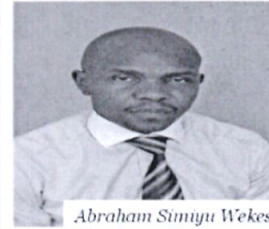


*Symon Wanjala Walukana
Member*

He has earned both a Senior Management Certificate and a Strategic Leadership Development Program certificate from the Kenya School of Government. CPA Walukana is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He began his career as an Accountant at Kimilili Municipal Council before joining the Bungoma County Assembly as a Budget Officer, eventually rising to his current position.

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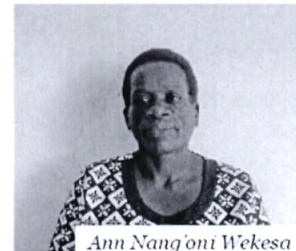
Abraham Simiyu Wekesa, *CHRP* is a highly accomplished senior management executive with over a decade plus of experience as a Human Resource Generalist. His educational background is impressive, holding a Diploma in Human Resource Management, a Bachelor's degree, and a Master's degree in Project Planning and Management from the University of Nairobi. Abraham is currently pursuing a Doctorate of Business Administration in Human Resource Management at Kibabii University and has completed coursework for a Master of Science in Human Resource Management from Masinde Muliro University of Science and Technology; He is a Certified Human Resource Professional of Kenya.



Abraham Simiyu Wekesa
Member

Abraham has made significant contributions to the organizations he has served. As the Head of HR Management at the County Assembly of Bungoma since 2022, he has been instrumental in developing and implementing HR policies, procedures, and strategies. Prior to this role, he held various positions as a Human Resource Officer at the County Assembly of Bungoma (2015-2021), the County Government of Bungoma (2013-2015), and the Municipal Council of Bungoma (2007 -2013). In these roles, he has coordinated training and development programs, implemented HR policies, managed employee benefits and remuneration, and introduced integrated payroll management systems, enhancing efficiency and transparency. A member of the Institute Human Resource Management (*IHRM*) where serves as Chairman *IHRM – Western Branch*.

Ms. Anne Wekesa, *CHRP* is a Senior Human Resource Officer at the County Assembly of Bungoma. She holds a Bachelor's Degree in Business Management (Human Resource Option), a Higher National Diploma in Human Resource, and a Diploma in Theology. She is a Certified Human Resource Practitioner and has previously served as a Human Resource Officer at the County Assembly, an Administrative Officer at Kimilili Municipal Council, and an intern at the Judiciary.



Ann Nang'oni Wekesa
Member

Ms. Wekesa is a member of the Institute of Human Resource Practitioners and has completed both the Senior Management Course and the Strategic Leadership Program at the Kenya School of Government.

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Mr. Charles Wafula is a distinguished public servant currently serving as the Clerk of the County Assembly of Bungoma. With a strong educational background, Wafula holds a Master's degree in Corporate Governance and an undergraduate degree in Accounting from KCA University. His commitment to professional excellence is further demonstrated by his CPA II certification and membership in the Institute of Internal Auditors and Kenya Institute of Management. Mr. Wafula has undergone extensive training at

the Kenya School of Government, earning certificates in Transformative Leadership, Strategic Leadership Development Program, and Senior Management.

Wafula's career in public service spans an impressive 14 years, during which he has honed his skills and expertise in governmental accounting and administration. He began his journey with the Municipal Council of Bungoma, where he served as an accountant, gaining valuable experience in local government finance. Wafula then transitioned to the County Assembly of Bungoma, continuing to contribute his financial acumen to the region's governance. His dedication and proficiency in his field culminated in his appointment as the Clerk of the County Assembly of Bungoma in 2022, a position that recognizes his extensive experience and leadership capabilities in public sector management.



Charles W. Wafula
Fund Administrator

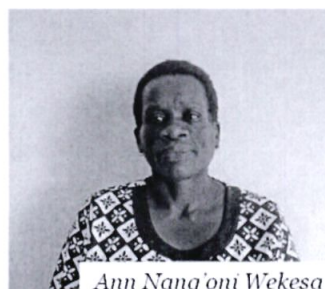
4. Management Team



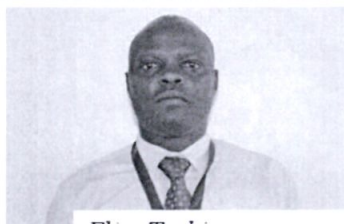
*Charles W. Wafula
Fund Administrator*



*Symon Wanjala Walukana
Principal Finance Officer*



*Ann Nang'oni Wekesa
Signatory to the Bank*



*Elias Taskin
Fund Accountant*

Mr. Elias Taskin is the Fund Accountant. He holds a Bachelor's Degree in Commerce (Finance Option) and has completed CPA Part II. Currently, he works as an Accountant at the County Assembly. Before his current position, Mr. Taskin worked as an Accountant at Elgon Teachers Sacco.

***County Assembly of Bungoma
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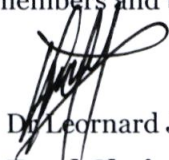
5. Fund Chairperson’s Report

The Bungoma County Assembly - Employee Car Loan and Mortgage Fund is pleased to present Fund’s Annual Report and Financial Statements for the period ended 30th June, 2024. In this respect, the CAB has continued to implement the employee Car Loan and Mortgage fund in line with Government regulations. The CAB Employee Car Loan was set up in January 2017 and the Mortgage in April 2018 as a revolving fund pursuant to the Salaries and Remuneration Commission (SRC) Circular REF. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 on approval for state officers and other public officers to benefit from affordable government-funded loans.

Further, the Fund derives its authority and accountability from the PFM Act, 2012, the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018.

In the 2023/2024 financial year, the total interest income received was Kshs 4,775,713. For the period under review there were no transfer receipts, which has led to the Fund limited scope of fulfilling its mandate. Since inception, sixty-nine (69) mortgage applicants and forty-four (44) car loans applicants have benefited from the Bungoma County Assembly - Employee Car Loan and Mortgage Fund. There are 4 cases of default reported so far. The outstanding borrowings from the Fund was Kshs 63,894,767 as at 30th June, 2024. I encourage all CAB staff members to optimally utilize the facility for improvement of their welfare and to utilize the Employee Fund scheme to actualize the vision of auto mobility and affordable housing.

I would like to thank the County Treasury, Kenya Commercial Bank (KCB), the Fund Committee members and the staff of the CAB for their support towards fulfilling the Fund’s mandate.



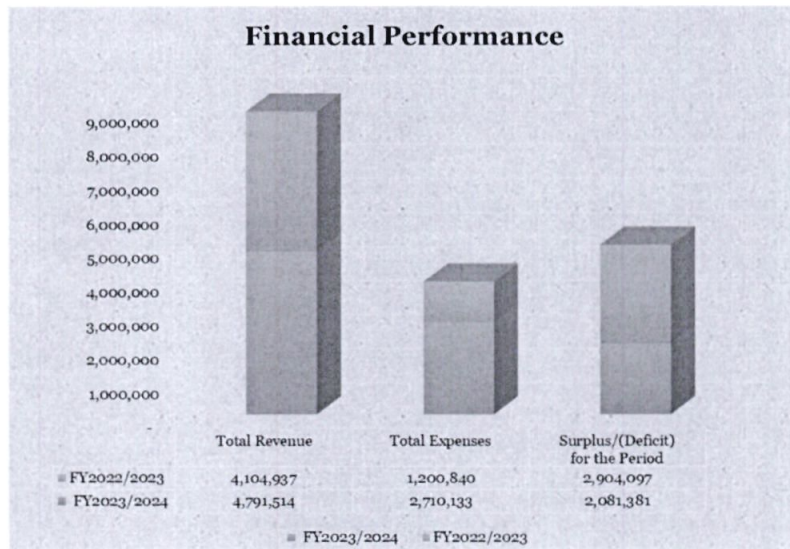
Dr. Leonard Juma Momos

Fund Chairperson

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6. Report of The Fund Administrator

The Fund hereby submits the Financial Statements and Annual Report for the period ended 30th June, 2024. In the period under review there were no transfer receipts from the exchequer which harboured the Fund’s will to sustain the impressive performance to the future which is prerequisite in meeting its goals and objectives of providing affordable loan products to CAB employees. The Fund value grew from Kshs 263,046,869 in the FY 2022/23 to Kshs 265,656,643 in the FY 2023/2024. The fund performance within the year has been illustrated below;



I wish to report that during the period under review, seven (7) new mortgage applicants benefited from the Fund. There were no car loans issued during the period under review. The Bungoma County Assembly - Employee Car Loan and Mortgage Fund aims to ensure sustainability, growth, and accessibility for eligible employees, while adhering to regulations and enhancing financial performance. It supports employee welfare through affordable loans and mortgages for auto mobility and housing.

The Bungoma County Assembly - Employee Car Loan and Mortgage Fund faces several inherent risks, including potential defaults on loans, which could impact financial stability. Regulatory non-compliance could result in legal issues. I convey my gratitude to the Fund Management Committee, staff and stakeholders for the continued commitment and support. Thank you.


 Mr. Charles W. Wafula
Administrator of the Fund

7. Statement of Performance Against the Fund’s Predetermined 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 Fund shall prepare in accordance with the standards and formats prescribed by the PSASB which includes a statement of the county government Fund’s performance against predetermined objectives.

The key development objectives of the Fund as per for the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018 are to:

- a) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- b) Raise funds for the implementation of the objectives contemplated above.

The Fund developed annual work plan based on the above strategic focus areas. The Fund achieved its performance targets as indicated in the table below:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	During FY2023/2024, 7 members of staff out of 29 applications accessed the facility and were able to build their own houses
Provision of Car Loan facilities to all members of staff	To ensure all staff have access to Car Loan facilities	Number Car Loans successfully applied	% of staff taking Car Loan facilities	During FY2023/2024, there were 5 applications however none were issued.

8. Corporate Governance Statement

The Fund derives its authority and accountability from the Bungoma County Assembly (Employees' Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018 while the remuneration to the Committee is as per the provisions of the SRC. To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare where is.

a) Process of Appointment of the Fund Management Committee Members

The Members of Bungoma County Assembly -Employee Car loan and Mortgage Fund are appointed in accordance with Section 6 (1) & (2) of the Bungoma County Assembly (Employees' Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018.

b) Roles and Functions of the Fund Management Committee Members

Under Section 6 (3) of the Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018 the Fund Management Committee members are to;

- i. Process applications for loans in accordance with the existing terms and conditions of borrowing;
- ii. Liaise with a financial institution (if any) for the purpose of loan disbursement; and
- iii. Establish a secretariat to supervise the day to day running of the Fund.

Further, more roles and responsibilities of the Fund Management Committee has been spelt out under section 6 (5), 7 (3) and 14 of the Bungoma County Assembly (Employees' Car Loan Scheme Fund) Regulations 2017.

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c) Number of Fund Management Committee Meetings

For the period ended in 30th June, 2024, the following members served in the Bungoma County Assembly -Employee Car loan and Mortgage Fund and held two (2) meetings;

Fund Committee Meetings Attendance Summary FY 2023/2024			
Member	Designation	22nd Dec 2023	11th Apr 2024
Dr Leonard Juma Momos	Chairperson	√	√
Abraham Simiyu Wekesa, CHRP	Member	√	√
Ignatius Wangila	Member	√	√
Ann Nang'oni Wekesa, CHRP	Member	√	√
Symon Wanjala Walukana, CPA	Member	√	√

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9. Management Discussion and Analysis

The management of the Fund was guided by the PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018 on which the Fund is anchored to govern its operations and comply with disbursement guidelines.

In the financial year ended 30th June, 2024, the Fund had an accumulated surplus of Kshs 10,584,697. This resulted to a total net asset of Kshs 265,656,643. The total amount of loan payment within the year amounted to Kshs 41,779,194 of which Kshs 20 million related to new issues.

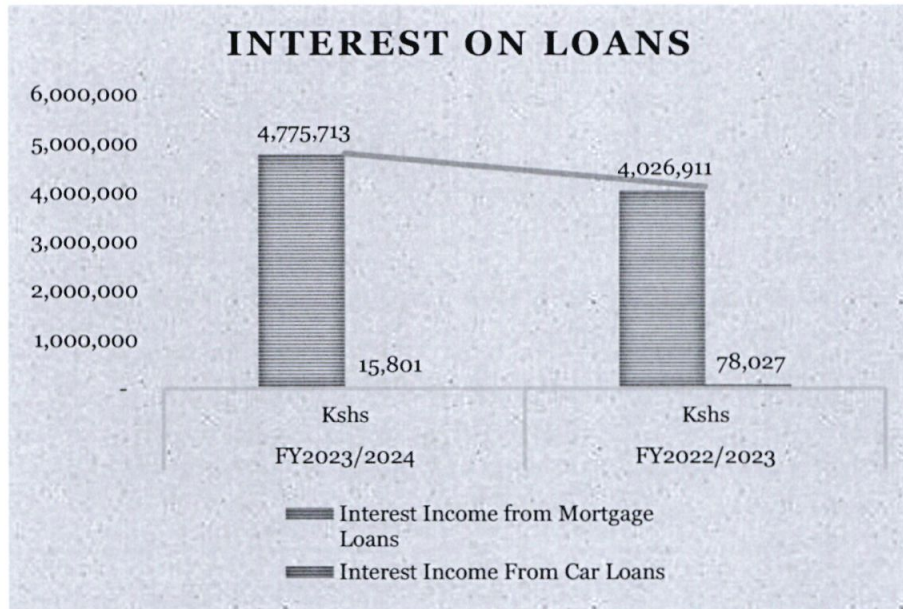
FINANCIAL YEAR	TRANSFER RECEIPTS FROM COUNTY TREASURY	BORROWING FROM MEMBERS' FUND
2017/2018	80,911,570	-
2018/2019	15,000,000	-
2019/2020	29,964,368	-
2020/2021	-	30,000,000
2021/2022	30,196,008	-
2022/2023	99,000,000	-
2023/2024	-	-
	255,071,946	30,000,000

Since inception, sixty-nine (69) mortgage applicants and forty-four (44) car loans applicants have benefited from the Bungoma County Assembly - Employee Car Loan and Mortgage Fund. In the financial year ended 30th June, 2024, there were seven (7) successful applicants for mortgage.

FY 2023/2024	Number of applications made	Successful applications	Value of the Issued Mortgages and Car Loans (Kshs)
Mortgage Loan	35	29	41,779,194
Car Loan	5	-	-
Total			41,779,194

County Assembly of Bungoma
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Annual Report and Financial Statements for the year ended June 30, 2024

During the period under review, the Fund earned interest on loans amounting to Kshs 4,791,514 as compared to Kshs 4,104,937 earned in the previous comparative period. The interest earned is used to offset the administration costs of the Fund.



The Fund complied with its tax obligations and all its statutory obligations in the implementation of its mandate.

The Fund has continued to invest in the mortgage and car loan for its employees. This is intended to provide affordable housing for CAB employees while at the same time facilitating the employees to conveniently commute to and from work.

The CAB has an approved Enterprise Risk Management Policy, 2022 whose implementation has been enhanced through establishment of a Risk management committee who are responsible for compiling, analysing and reporting risks to the Fund with proposals on action plan. The control of risks emanating from the external environment limits the Fund from controlling them.

The CAB has established in the financial year 2023/2024 a comprehensive risk register. The CAB further did mapping and an in-depth analysis of the risks indicating the priority areas to promote decision making by the Fund with regards to management of risks.

10. Environmental and Sustainability Reporting

The Bungoma County Assembly -Employee Car loan and Mortgage Fund exists to motivate the CASB to reduce rate of staff turnover and retain skills in the labour force. Key factors on which the disbursement of the loans is anchored to:

a) Sustainability strategy and profile

The Revolving fund sustainability is assured through the existence of the Fund Management Committee who ensure that the loans taken up by staff are sufficiently secured, whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the $\frac{1}{3}^{\text{rd}}$ salary rule. A proportion of the income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

b) Employee welfare

Employee welfare is essential for sustainability in the implementation of County Programmes and projects. Disbursement of the loans at the favourable rates allow for personal development whilst removing hurdles that limit their disposable income.

11. Report of the Members

The members submit their report together with the audited financial statements for the year ended June 30th, 2024 which shows the state of the Fund affairs.

Fund's Principal activities

The principal activities of the Fund are;

- a) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- b) Raise funds for the implementation of the objectives contemplated above.

Fund Performance

The results of the Fund for the year ended June 30th, 2024 are set out on pages 1-8 of this report.

Fund Management Committee Members

The members of the Fund Management Committee who served during the period ended 30th June, 2024 are shown on page vi-ix.

Fund's 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.



Dr Leonard Juma Momos

Fund Chairperson

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 the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the PSASB.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30th, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the

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preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator has assessed the Fund's ability to continue as a going concern and nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Fund on 24-09-2024
2024 and signed on its behalf by:


Charles W. Wafula

Administrator of the Fund

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY ASSEMBLY EMPLOYEE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund set out on pages 1 to 37, which

Report of the Auditor-General on Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2024

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Bungoma County Assembly Employees' Car Loan Scheme Fund Regulations, 2017, the Bungoma County Assembly Employees' Mortgage Scheme Fund Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.5,500,000 and Kshs.4,473,894 respectively, resulting to under-funding of Kshs.1,026,106 or 18.7% of the budget. Similarly, the Fund spent Kshs.2,267,832 against an approved budget of Kshs.5,030,000 resulting to under absorption of Kshs.2,762,168 or 54.9% of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the Fund beneficiaries.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matter

In the report for the previous year, an issue was raised under Report on Lawfulness and Effectiveness in use of Public Resources. However, the issue had not been resolved and Management did not provide satisfactory reasons for the delay in resolving the issue.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Separate Financial Statements for Car Loan Scheme Fund and Mortgage Scheme Fund

Review of the financial statements revealed that, the fund administrator prepared consolidated financial statements for Bungoma County Assembly Employees Car Loan and Mortgage Scheme Fund contrary to Regulation 15(1)(e) of Bungoma County Assembly Employees Car Loan Scheme Fund Regulations, 2017 and Regulation 19(1)(e) of Bungoma County Assembly Employees Mortgage Scheme Fund Regulations, 2018 that requires that the officers administering the Funds to separately prepare and submit to the Auditor General the financial statements for two funds for each financial year ended. Further, the Regulations indicate the separate names and bank accounts for the two Funds.

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

2. Failure to Provide Jointly Charged Ownership Documents

The statement of financial position and as disclosed in Note 13 to the financial statements indicates current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions balances of Kshs.64,740,782 and Kshs.191,723,863 respectively, in respect to disbursed loans. However, there were no charges registered on the log books and title-deeds in the name of the Fund so as to register its interest.

In the circumstances, the security of loans disbursed could not be confirmed.

The audit was conducted in accordance with the ISSAIs 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

County Assembly of Bungoma
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14. Statement of Financial Performance for the Year Ended 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	4,791,514	4,104,937
Other Income	5	-	-
		4,791,514	4,104,937
Total Revenue		4,791,514	4,104,937
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	2,710,133	1,200,840
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		2,710,133	1,200,840
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		2,081,381	2,904,097

The notes set out on pages 16 to 31 form an integral part of these Financial Statements

.....
Charles W. Wafula
Administrator of the Fund

.....
Elias Taskin
Fund Accountant
ICPAK Member Number:

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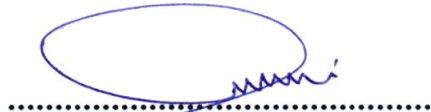
15. Statement of Financial Position As at 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	9,634,298	901,238
Current Portion of Long- Term Receivables from Exchange Transactions	13	64,740,782	99,484,124
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		74,375,081	100,385,362
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	191,723,863	162,662,077
Investment Property	19	-	-
Total non- current assets		191,723,863	162,662,077
Total Assets (A)		266,098,944	263,047,439
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	442,301	571
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		442,301	571
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-

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Total Liabilities (B)		442,301	571
Net Assets (A-B)		265,656,643	263,046,868
Represented By:			
Revolving Fund		255,071,946	255,071,946
Reserves		-	-
Accumulated Surplus		10,584,697	7,974,922
Net Assets		265,656,643	263,046,868

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 24-9- 2024 and signed by:



Charles W. Wafula
Administrator of the Fund



Elias Taskin
Fund Accountant
ICPAK Member Number:

County Assembly of Bungoma
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16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2022	156,071,946	-	5,070,826	161,142,772
Surplus/(deficit) for the period	-	-	2,904,097	2,904,097
Funds received during the year	99,000,000	-	-	99,000,000
Balance as at 30 June 2023	255,071,946	-	7,974,923	263,046,869
Balance as at 1 July 2023	255,071,946	-	7,974,923	263,046,869
Surplus/(deficit) for the period	-	-	2,081,381	2,081,381
Accrued interest	-	-	528,393	528,393
Funds received during the year	-	-	-	-
Balance as at 30 June 2024	255,071,946	-	10,584,697	265,656,643

County Assembly of Bungoma
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17. Statement of Cash Flows for the Year Ended 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Fines, penalties and other levies		-	-
Interest received		4,473,894	4,104,937
Receipts from other operating activities		-	-
Total receipts		4,473,894	4,104,937
Payments			
Employee costs		-	-
Use of Goods and Services		(2,267,832)	(1,200,840)
Depreciation and Amortization Expense		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		(2,267,832)	(1,200,840)
Debtors Borrowings		(1,537,000)	(500,000)
Debtors Repayments		1,716,355	1,562,000
		179,355	1,062,000
Net cash flows from operating activities		2,385,417	3,966,097
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from Insurance Premium Recovered		353,887	360,994
Proceeds from loan principal repayments		12,383,522	13,241,189
Loan disbursements paid out		(41,799,194)	(17,650,000)
Net cash flows used in investing activities		(29,061,786)	(4,047,816)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	99,000,000
Additional borrowings (to Members' Fund)		-	(75,001,254)

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Repayment of borrowings (to Members' Fund)		(571)	(23,108,175)
Repayment of borrowings (from Members' Fund)		35,410,000	-
Net cash flows used in financing activities		35,409,429	890,571
Net increase/(decrease) in cash & cash Equivalents		8,733,060	808,852
Cash and cash equivalents at 1 July		901,238	92,386
Cash and cash equivalents at 30 June		9,634,298	901,238

**County Assembly of Bungoma
Bungoma County Assembly – Employee Car loan and Mortgage Fund
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18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs a	Kshs b	Kshs C=(a+b)	Kshs d	Kshs e=(c-d)	f=d/c*100
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	5,500,000	-	5,500,000	4,473,894	1,026,106	81%
Other Income	-	-	-	-	-	-
Total Income	5,500,000	-	5,500,000	4,473,894	1,026,106	81%
Expenses						
Employee Costs	-	-	-	-	-	-
Use of goods and services	5,030,000	-	5,030,000	2,267,832	2,762,168	45%
Depreciation and Amortization Expense	-	-	-	-	-	-
Finance Costs	-	-	-	-	-	-
Total Expenditure	5,030,000	-	5,030,000	2,267,832	2,762,168	45%
Surplus For the Period	470,000	-	470,000	2,206,062	- 1,736,062	
Capital expenditure	-	-	-		-	

Budget notes

1. The difference between the budgeted income was not realised due to the targeted beneficiaries who were not paid loans as applied. Out of the 35 applicants only 29 were paid which would have generated the surplus not earned.

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2. There was an under expenditure due to legal fees of 2,000,000 budgeted for but only Kshs 200,000 was paid during the year.

3.

Reconciliation

Description	Statement of Financial Performance	Statement of Comparison of Budget and Actual Amounts	Variance	Comment
Interest Income	4,791,514	4,473,894	317,620	Kshs. 317,620 is interest receivable - Interest earned during the FY 2023/2024 but there was no actual cash/bank receipts.
Use of goods and services	2,267,832	2,710,133	(442,301)	Kshs. 442,301 is legal fees payable- incurred during the FY 2023/2024 but was not paid (no exchange of cash/bank)

NB: The variance is as a result of differences in accounting basis whereby the statement of financial performance is reported on accrual basis while statement of comparison of Budget and Actual basis is reported on cash basis

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Bungoma County Assembly – Employee Car loan and Mortgage Fund is established by and derives its authority and accountability from PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018. The Fund is wholly owned by the Bungoma County Government and is domiciled in Kenya. The Fund’s principal activity is to provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the Fund and to raise funds for the implementation of the objectives contemplated.

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024 was approved by the Fund Management Committee on 31st March, 2023.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 7 of these financial statements.

Financial assets

Classification of financial assets

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Fund 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 Fund 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 Fund 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 Fund recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

a) Contingent liabilities

The Fund 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 Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund 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.

b) Nature and purpose of reserves

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

Summary of Significant Accounting Policies (Continued)

c) Changes in accounting policies and estimates

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

d) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate Fund (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.

e) 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.

Summary of Significant Accounting Policies (Continued)

f) Related parties

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

g) 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.

h) Comparative figures

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

6. Notes to the Financial Statements Continued

1. Public contributions and donations

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Donation from Development Partners	-	-
Contributions from the Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From County Govt. – Operations	-	-
Payments By County on Behalf of The Fund	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Interest Income from Mortgage Loans	4,775,713	4,026,911
Interest Income from Car Loans	15,801	78,027
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	4,791,514	4,104,937

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Notes to the Financial Statements Continued

5. Other income

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

7. Use of Goods and Services

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	642,301	-
Committee Allowances	2,054,000	1,186,000
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-

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Notes to the Financial Statements Continued

Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	13,832	14,840
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other	-	-
Social benefit expenses*	-	-
Total	2,710,133	1,200,840

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance Cost

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans from Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets	-	-
Total Gain	-	-

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Notes to the Financial Statements Continued

12. Cash and cash equivalents

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Car Loan and Mortgage Account	9,634,298	901,238
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash and Cash Equivalents	9,634,298	901,238

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

Financial Institution	Account number	FY2023/2024	FY2022/2023
		Kshs	Kshs
a) Fixed Deposits Account			
		-	-
Sub- Total		-	-
b) Current Accounts			
Kenya Commercial Bank	1206004991	7,830,689	834,214
Kenya Commercial Bank	1206090308	1,803,609	67,024
Sub- Total			
c) On - Call Deposits			
		-	-
Sub- Total		-	-
d) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		9,634,298	901,238

Notes to the Financial Statements Continued

13. Receivables from exchange transactions

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	846,013	-
Current Loan Repayments Due	39,591,254	75,001,254
Other Debtors	24,303,515	24,482,870
Less: Impairment Allowance	-	-
Total Current Receivables	64,740,782	99,484,124
Non-Current Receivables		
Long Term Loan Repayments Due	191,723,863	162,662,077
Total Non- Current Receivables	191,723,863	162,662,077
Total Receivables from Exchange Transactions	256,464,646	262,146,201

Additional disclosure on interest receivable

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	317,620	-
Accrued interest receivable from long-term loans of previous years	528,393	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	143,676,721	-
Accrued principal from long-terms loans from previous periods	10,346,291	-
Current portion of long-term loans issued in the current year	37,700,851	-

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Notes to the Financial Statements Continued

14. Prepayments

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

15. Inventories

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

16. Investments in financial assets

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Fund	-	-
Sub- total	-	-
Grand total	-	-

Notes to the Financial Statements (Continued)

d) Movement of Equity Investments

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

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e) Shareholding in other entities

Name of Fund where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
				Kshs	Kshs	Kshs
Fund A	-	-	-	-	-	-
Fund B	-	-	-	-	-	-
Fund C	-	-	-	-	-	-
	-	-	-	-	-	-

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July FY2022/2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June FY2022/2023	-	-	-	-	-
At 1st July FY2023/2024	-	-	-	-	-
Additions	-	-	-	-	-

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Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June FY2023/2024	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July FY2022/2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June FY2022/2023	-	-	-	-	-
At 1st July FY2023/2024	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June FY2023/2024	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June FY2022/2023	-	-	-	-	-
At 30th June FY2023/2024	-	-	-	-	-

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Notes to the Financial Statements (Continued)

18.Intangible assets

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Cost	-	-
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment	-	-
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19.Investment Property

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Notes To the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY2023/2024		FY2022/2023	
	Kshs		Kshs	
Trade Payables	442,301		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		571	
Total Trade and Other Payables	442,301		571	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative	% of the Total
Under one year	442,301	100%	-	-
1-2 years	-	-	571	100%
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	442,301		571	

21. Provisions

Description	Leave provision	Gratuity	Other provision	Total
		Provision		
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilized	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

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Notes to the Financial Statements (Continued)

22. Borrowings

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-
The table below shows the classification of borrowings into external and domestic borrowings:	-	-

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

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
External Borrowings	-	-
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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Notes to the Financial Statements (Continued)

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

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Description	-	-
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY2023/2024
	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-
Total	-	-	-	-

24. Social Benefit Liabilities

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

25. Cash generated from operations.

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	2,081,381	2,904,097
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	(4,473,894)	(4,104,937)
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase In Inventory	-	-
Increase In Receivables	179,355	1,062,000
Increase In Payables	442,301	-
Net Cash Flow from Operating Activities	(1,770,857)	(138,840)

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Notes to the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-
Total	-	-

c) Key management remuneration

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Fund Committee	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Due From CASB	24,303,513	24,482,868
Due From Members Fund	39,591,254	75,001,254
Total	63,894,767	99,484,122

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Other Disclosures Continued

e) Due to related parties

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Members' Fund Scheme	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund'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 Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables From Exchange Transactions	846,013	-	846,013	-
Receivables From Non-Exchange Transactions	24,303,515	-	24,303,515	-
Bank Balances	9,634,298	9,634,298	-	-
Total	34,783,827	9,634,298	25,149,528	-
At 30 June 2023	-			
Receivables From Exchange Transactions	528,393	-	528,393	-
Receivables From Non-Exchange Transactions	24,482,870	-	24,482,870	-
Bank Balances	901,238	901,238	-	-
Total	25,912,501	901,238	25,011,263	-

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	442,301	442,301
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	442,301	442,301
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	571	571
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	571	571

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

The Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local

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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.

There was no carrying amount of the Fund's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period.

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.

ii. Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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

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.

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 Fund capital structure comprises of the following funds:

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Notes to the Financial Statements (Continued)

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	255,071,946	255,071,946
Accumulated surplus	10,584,697	7,974,923
Total funds	265,656,643	263,046,869
Total borrowings	-	571
Less: cash and bank balances	(9,634,298)	(901,238)
Net debt/ (excess cash and cash equivalents)	(9,634,298)	(900,667)
Gearing	-3.63%	-0.34%

29. Events after the reporting period

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

30. Ultimate and Holding Fund

The Fund is a County Public Fund established by Public Finance Management Act, 2012 on 16th January 2017 and 19th April 2018 for the Bungoma County Assembly (Employees' Car Loan Scheme Fund) Regulations 2017 and the Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018 respectively under the Ministry of Devolution and Planning. Its ultimate parent is the County Government of Bungoma.

31. Currency

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

20. 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:	Timeframe:
1.1 Irregular Advance of Loan to the County Assembly Service Board		The management agrees with the audit findings. However, the County Assembly Service Board has started repayments of the amount	Not Resolved	FY 2024/2025


Charles W. Wafula

Fund Administrator/Accounting Officer

Date _____



**COUNTY GOVERNMENT
OF BUNGOMA**

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