

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY ASSEMBLY CAR LOAN
AND MORTGAGE SCHEME FUND**

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



**KIAMBU COUNTY ASSEMBLY
COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND**

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

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

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Kiambu County Assembly Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Entity Information and Management

a) Background information

Kiambu County Assembly Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund” regulations, 2014 dated 14th and 22nd May 2014 respectively. The Fund is wholly owned by the County Assembly of Kiambu and is domiciled in Kenya.

The fund’s objective is to provide Car Loan and Mortgage to Members of County Assembly to purchase, develop, renovate or repair a residential property.

b) Principal Activities

The principal activity is to provide car loan and mortgage to members of the county Assembly.

The Kiambu County Assembly Vision, Mission and Core Values:

Vision

To be a vibrant, value-oriented, quality driven and people responsive County Assembly in Kenya.

Mission

Transformative, efficient, effective and democratic discharge of representation, legislative, and oversight mandates.

Core values

1. Independence
2. Integrity
3. Openness
4. Professionalism
5. Concern
6. Equity and unity in diversity

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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c) Loan Management Committee

Ref	Name	Position
1	Hon.Charles Murungaru Thiongo	Chairman, Loans Management Committee
2	Hon. Margaret Wahu, MCA	Member, Loans Management Committee
3	Hon. John Ngugi, MCA	Member, Loans Management Committee
4	Rev.Fr. Evangelos Mwaura Thiani	Member, Loans Management Committee
5	Ms. Josephine Wanjiru Gicho	Member, Loans Management Committee
6	Mr. John Mwivithi Mutie	Member, Loans Management Committee

d) Key Management

Ref	Name	Position
1	Mr. John Mwivithi Mutie	Fund Administrator.
2	Ms. Sarah Felicity Nkatha Kiruki	Fund Accountant.
3	Mr. John Ichamugo Mugo	Accountant

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

e) Registered Offices

Kiambu County Assembly Buildings
P.O. Box 1492-00900
Kiambu, Kenya

f) Fund Contacts

Telephone: (254) 0675860000
E-mail: info@kiambuassembly.go.ke
Website: www.kiambuassembly.go.ke

g) Fund Bankers

Family Bank
P.o.Box 74145-00200
Muindi Bingu Street
Thika Branch, 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

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**


2. The Loan Management Committee

Name	Details of qualifications and experience
 <p>1.Hon. Charles Murungaru Thiongo</p>	<p>Chairman, Loans Committee. Hon.Charles Murungaru Thiongo was appointed the Speaker of the County Assembly of Kiambu on 21st September, 2022. He is the chairman of the County Assembly Service Board of Kiambu.</p>
 <p>2.Hon. John Ngugi,MCA</p>	<p>Member, Loans Committee. Hon. John Ngugi was appointed as Member of the County Assembly of Kiambu on 7th September, 2017. He holds a Certificate on County Governance, Diploma in County Governance, and Bachelor of Degree in Governance and Master in Governance from Jomo Kenyatta University.</p>
 <p>3.Fr. Evangelos Evanson Mwaura Thiani</p>	<p>Member, Loans Committee. Rev. Fr. Evangelos Evanson Mwaura Thiani was appointed as Member of the County Assembly of Kiambu Service Board on 8th December, 2017.He was born in October 10th, 1980. He holds a diploma in theology from orthodox seminary, Nairobi Bachelor of Theology from Sydney College of Divinity, Post Graduate Diploma in Education from Daystar University, Master of Divinity from Hellen College Holy Cross, Boston, USA And Master of Theology from Hellen College Holy Cross, Boston, USA</p>
 <p>4.Ms. Josephine Wanjiru Gicho</p>	<p>Member, Loans Committee. Ms. Josephine Wanjiru Gicho was appointed as Member of the County Assembly Service Board of Kiambu in 29th May, 2018. She was born in May 23rd, 1950.She holds a bachelor of arts in counselling and psychology from Presbyterian University of East Africa. Before her appointments she served as a high school principal.</p>



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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	<p>Member, Loans Committee.</p> <p>Hon. Margaret Wahu, was appointed as Member of the County Assembly and Member of County Assembly Service Board of Kiambu on 7th September 2017 and march 2018 respectively. He was born in July 14th, 1985. She holds a Certificate in Counselling from Nazareth and Diploma in Social Work County Developments from Nairobi Institute of Business Studies.</p>
<p>5.Hon. Margaret Wahu, MCA</p>	<p>Fund Administrator. DoB: 29th September, 1970</p>
	<p>Qualification: LLB (UoN); CPS(K) - Member of ICPS(K) & IHRM. Attended various trainings on public Sector reforms and performance management; Monitoring and Evaluation at International Centre for Parliamentary Studies (UK) and Professional upgrading courses such as Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Work Experience: Has a public service experience of over 27 years most of it in senior managerial positions. Worked with the defunct Local Authorities as the Town Clerk/ Clerk to Council up to 2013 when the County Governments were established. Was the Interim Sub-County Administrator up to February, 2014 when he was appointed as the Clerk of the County Assembly of Kiambu and served as such up to August 2018 when he was seconded to the Kiambu County Executive.</p> <p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments including Department of Land, Housing, Physical Planning Municipal Administration & urban Development; Department of Water, Environment, Energy & Natural Resources; and Department of Administration & Public Service.</p>
<p>6.Mr. John Mwivithi Mutie</p>	

3. Management Team

Name	Details of qualifications and experience
<p>1. Mr. John Mwivithi Mutie</p> 	<p>Fund Administrator DoB: 29th September, 1970</p> <p>Qualification: LLB (UoN); CPS(K) - Member of ICPS(K) & IHRM. Attended various trainings on public Sector reforms and performance management; Monitoring and Evaluation at International Centre for Parliamentary Studies (UK) and Professional upgrading courses such as Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Work Experience: Has a public service experience of over 27 years most of it in senior managerial positions. Worked with the defunct Local Authorities as the Town Clerk/ Clerk to Council up to 2013 when the County Governments were established. Was the Interim Sub-County Administrator up to February, 2014 when he was appointed as the Clerk of the County Assembly of Kiambu and served as such up to August 2018 when he was seconded to the Kiambu County Executive.</p> <p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments including Department of Land, Housing, Physical Planning Municipal Administration & urban Development; Department of Water, Environment, Energy & Natural Resources; and Department of Administration & Public Service.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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<p>2.  Ms. Sarah Felicity Nkatha Kiruki</p>	<p>Fund Accountant, The Director, Finance and Accounts at the County Assembly of Kiambu with more than 10 years' experience in the Accounting and Auditing field. She was born in 1980. She holds a Master's of Science in Finance and Accounting from KCA University and a Bachelor's degree in Business Administration (Finance and accounting) from Kenya Methodist University. She is also a Certified Public Accountant and registered member of ICPAK No.6244</p>
<p>3. </p>	<p>Accountant An accountant at the County Assembly of Kiambu with more than 5 years' experience in the accounting field. He was born in 1989. He holds a Bachelor's degree in Finance and Banking from Moi University. He is a Certified Public Accountant and a registered member of ICPAK No.24172.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

4. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the board, the County Assembly Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the past year.

The County Assembly of Kiambu established and enacted the County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014.

The objective and purpose of the fund is to provide loans to Members of County Assembly to enable them to purchase, develop, renovate or repair a residential property and purchase of motor vehicles.

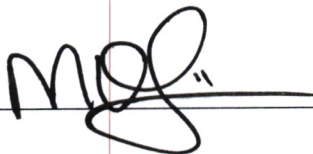
Proper and adequate financial systems and measures have been put in place to ensure efficient control that warrants recoveries are done promptly through the check-off system to safeguard the utilization of public resources.

It is remarkable how much we have accomplished not only in terms of financial performance, but also in our steadfast dedication to aiding our Members of the County Assembly.

Special thanks to the County Assembly Service Board and the support of staff for the continued support.

I look forward to your continued support in the year 2022/2023.

Signed: _____



Chairperson

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Report of The Fund Administrator

The Car Loan and Mortgage Scheme Fund was established pursuant to Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February 2014.

For good management of the fund as advised by Salaries and Remuneration Commission the County Assembly of Kiambu adopted Public Finance Management regulations, County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund, dated 14th and 22nd May 2014 to guide operationalization of the fund.

The Loan Management Committee initiated a transformation that is bringing positive results to the Members of County Assembly of Kiambu by issuing the car and mortgage facilities to the Honourable Members.

In the year under review, the scheme disbursed car grant two members of kshs 2.8M and car loan to one member of kshs 450,000.

The Salaries and Remuneration Commission reviewed car loan benefits to a transport facilitation benefit in form of a car grant and approved the same for the speaker and members.

The County Assembly of Kiambu conformed and adhered to the proposal given by the SRC to give Kshs. 2M car grant to each member in February 2021. Thus, the speaker and the members of the County Assembly were paid car grants totalling Kshs.190M.

Kenya Revenue authority-imposed a tax on car grants extended to personal emoluments of the members amounting to kshs 57M. Out of the payable amount, the Assembly had paid tax amounting to kshs 52,974,580 by June 30,2022.

It should be noted that this has been achieved while complying with the prerequisites procedures and laid down laws and regulations.

This has been another successful year; we continue to grow and have our members at heart of everything we do.

Signed: 
Mr. John Mwivithi Mutie

Fund Administrator

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Section 161 (1) 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 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 mandate of the County Assembly of Kiambu is legislation, oversight, and representation.

The County Assembly of Kiambu established and enacted the “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund “regulations dated 14th and 22nd May 2014 guided and authorized by the Public Finance Management Act, Regulations 2014.

The key objectives of Kiambu County Assembly Car Loan and Mortgage Scheme Fund is to provide a mortgage to the members of the County Assembly to purchase, develop, renovate, and or repair residential property.

The County Assembly of Kiambu has gained a huge milestone by successfully granting Car Loan and Mortgage to 84 and 80 members respectively from August 2017 to June 30, 2021. This translates to 88% and 84% of the total membership of 95 who have successfully applied and adhered to the loan regulations.

The County Assembly of Kiambu conformed and adhered to SRC circular granting transport facilitation benefit of Kshs. 2M to each member. Thus, in the financial year 2021/22, the speaker and the members of the County Assembly were issued transport facilitation benefit totalling Kshs. 190M from the existing loan fund.

The table below show the performance of the fund.

Program	Objective	Outcome	Indicator	Performance
The “County Assembly Car Loan and Mortgage Scheme Fund”	To provide car and mortgage loan to members of the County Assembly.	Increased number of MCA’s who benefit with the loan scheme fund.	Number of disbursements.	1. Car grants Disbursement -2.8 M, 2. Car loan disbursement 450,000

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

The Car Loan and Mortgage Scheme Fund was established pursuant to Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February 2014.

There is an established Mortgage Loan Management Committee which consist of the County Assembly Service Board Members. A statement of the County Assembly of Kiambu full corporate governance practices is set out below;

**ROLE AND RESPONSIBILITIES OF THE LOAN MANAGEMENT
COMMITTEE**

The Loan Managements committee acts on behalf of Members of County Assembly of Kiambu and is accountable to the members for the overall direction, management and corporate governance of the County Assembly car loan and mortgage scheme fund.

It operates in accordance with the broad principles set out in the section 116 of the Public Finance Management Act, 2014

The loan management committee is responsible for:

- (a) Receiving and analysing reports from the officer administering the Fund;
- (b) Endorsing loan application forms;
- (c) Advising on any additional funds that may be required for the fund;
- (d) Liaising with the mortgage institution (if any) to set up a revolving fund for the disbursement of the loans; and
- (e) Performing any other function that may be necessary for the administration of the loan.

APPOINTMENT OF LOAN MANAGEMENT COMMITTEE MEMBER.

There is established a Car Loan Management Committee which consists of the County Assembly Service Board established under Regulation 9. The members of this Board are;

S/no	Name	Position
1	Hon.Charles Murungaru Thiongo	Chairman.
2	Hon. Margaret Wahu Njoroge, MCA	Member.
3	Hon. John Ngugi,MCA	Member.
4	Rev.Fr. Evangelos Mwaura Thiani,External member.	Member.
5	Ms. Josephine Wanjiru Gicho, External member.	Member.
6	Mr.John Mwivithi Mutie, Clerk	Member.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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The administrator of the fund may designate and appoint staff as maybe necessary to assist him in the administration of the Fund.

DELEGATION TO FUND ACCOUNTANT

Responsibility for day-to-day management and administration of the Fund is delegated by the Fund Administrator to the Fund Accountant. The Fund administrator and the Fund accountant are responsible for ensuring the Board is provided with appropriate, accurate and clear information on a timely basis.

PERFORMANCE EVALUATION

The performance of the Car Loan and mortgage Scheme fund is reviewed monthly, quarterly and annually.

FUND ADMINISTRATOR.

The Fund administrator is the secretary to the loan management committee and is responsible for,

- (a) Supervising and controlling the administration of the Fund;
- (b) Keeping all legal documents relating to the Fund;
- (c) Causing to be kept books of account and other books and records in relation to the fund;
- (d) Preparing, signing and transmitting to the auditor general in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as may be required in accordance with the Public Finance Management Act;
- (e) Furnishing such additional information as maybe required for the purpose of examination and audit by the auditor general;
- (f) Designating and appointing such staff as maybe necessary to assist him or her in the administration of the Fund;
- (g) Carrying out such inspections as maybe necessary to verify any information submitted by loan applicant;
- (h) Preparing and submitting quarterly reports on the Fund to the Committee.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

LOAN MANAGEMENT COMMITTEE MEETINGS

The committee held seven fund management meetings to review, endorse loan application forms, receive and analyse reports from the officer administering the Fund.

STATEMENT OF COMPLIANCE

The committee confirms that the fund has throughout the FY 2021/22 complied with all the statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL FRAMEWORK

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment.

MANAGEMENT TEAM

The management team headed by the Fund Administrator implements the committee decisions and policies through action plans. They review these action plans to ensure that the objectives are achieved effectively and efficiently.

AUDITOR

The fund is audited by the Auditor-General.

8. Management Discussion and Analysis

FINANCIAL PERFORMANCE

In the year under review the loan scheme disbursed fund to three members totalling to Kshs 3,250M (Three million two hundred fifty Thousand Only)

OPERATIONAL PERFORMANCE

The fund's core operating activity has been advancing funds to MCA's

The management has put measures in place to safeguard against the loss of Public Fund by ensuring the loans are jointly secured by the applicant and the County Assembly of Kiambu as well as ensuring timely remittances on monthly deductions.

CONCLUSION

The fund has positively impacted on the livelihoods of the MCA's.

9. Environmental and Sustainability Reporting

The County Assembly of Kiambu establishment is anchored on the Constitution of Kenya, 2010 is mandated to offer representation of citizens, law-making and oversight. The Assembly's strategic elements included the following:

The Vision

A vibrant, value oriented, quality driven and people responsive county assembly in Kenya.

Mission

To be a transformative, efficient and trusted Assembly for Kiambu residents, in close consultation with relevant, county, national and international stakeholders.

Core values

We are committed to growing a dynamic institutional culture that will be guided by these values;

1. **Responsiveness:** We work to find solutions through policy and legislative initiatives that address the needs and preferences of the people of Kiambu County.
2. **Respect:** We listen and respect the wishes of our people and encourage partnerships where mutual respect remains a core working value.
3. **Diversity:** We embrace the diversity of all Kenyans, and work to address diversity across gender, ethnic, class, race, disability and minority lines.
4. **Integrity and Accountability:** We believe that the highest standards of ethics and integrity form a core element of public service and leadership, and we strive to ensure utmost accountability in all our initiatives.

Our beliefs

We believe that;

1. The Constitution of Kenya, 2010 is the supreme law of the land.
2. All Kenyans have equal rights.
3. Every Kenyan is a valuable member of the community.
4. Every Kenyan deserves to be fully served and consulted by their directly elected representative or party representative in County Assembly.
5. Women and men deserve the same opportunity to participate in leadership and equal access to economic, social and cultural rights.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

County Assembly Car Loan and Mortgage Scheme Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on strong pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile –

The Assembly is committed to the attainment of the Sustainable Developments Goals (SDGs) as agreed upon by the international community.

2. Environmental performance

The County Assembly through the formation of an Environmental Committee is in the process of establishing an environmental policy as well as a waste management policy. However, the management has put in place strategies and modalities in efforts to ensure minimal impact of the organization products to the environment.

3. Employee welfare

The Assembly hiring process is guided by the County Assembly Human Resource Manual amongst other government provisions to ensure fair competition and gender representation. A performance management and appraisal tool is currently in the process of implementation.

The Assembly is also committed to improve skills through a training committee which is tasked with ensuring capacity building of officers on different areas to enhance skills and performance.

4. Market place practices-

Responsible Competition Practice:

The Assembly carries out fair competition in all its engagements through adherence to legal provisions, constant engagements with the Anticorruption authorities, review of certifications in efforts to attain high quality products and services, competitive and controlled costs, innovative and easy market entry as well as exit

5. Community Engagements-

The County Assembly in collaboration with the County Executive has severally engaged the public through public participations and Corporate Social Activities including issuance of various charitable products to the public such as food products, agricultural products and educational materials amongst others.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

10. Report of The Loan Management Committee

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

Principal activities

The principal activities of the Fund is to provide loans to MCA,s

Results

The results of the Fund for the year ended June 30,2022 are set out on page 1-8

Loan Management Committee

The Loan Management committee who served during the year are shown on page VI -VIII.

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 of the County Assembly Car Loan and Mortgage Scheme Fund for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



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

Date:

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Management's Responsibilities

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The County Assembly Car Loan and Mortgage Scheme Fund. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

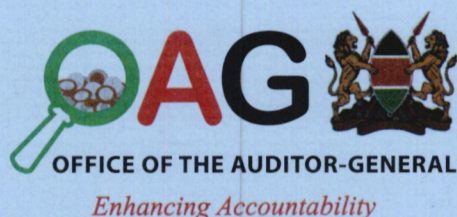
The Fund's financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kiambu County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Adjustments

The statement of changes in net assets reflects total net assets balance of Kshs.262,492,010. Included in this balance is an accumulated surplus of Kshs.19,236,957 which further includes credit adjustments of Kshs.14,075,409 for the financial year ended 30 June, 2022 and debit adjustment of Kshs.18,146,776 for the financial year ended 30 June, 2021. However, detailed analyses and related evidences in support of the adjustments were not provided for audit.

In the circumstances, the accuracy and completeness of the accumulated surplus balance of Kshs.19,236,957 could not be confirmed.

2. Anomalies in the Statement of Cash flows

Review of the statement of cash flows (Statement) revealed the following anomalies:

- i. The Statement reflects interest received amount of Kshs.1,752,362, while the statement of financial performance shows interest income of Kshs.1,167,784, resulting in an unreconciled variance of Kshs.584,578.
- ii. Further, the Statement reflects proceeds from principal loan repayments of Kshs.101,006,576 and loan disbursements paid out of Kshs.450,000 which have not been reconciled to the opening and closing long-term receivables balances of Kshs.88,617,624 and Kshs.1,193,199 respectively.
- iii. In addition, the Statement reflects members transport facilitation amount of Kshs.2,800,000 and other payments amount of Kshs.190,390, which could not be traced in the statement of financial performance.
- iv. Also, the Statement excludes funds amounting to Kshs.400,000 paid out during the year purportedly as grants to members.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

Irregular Receivables from Non-Exchange Transactions

The statement of financial position and Note 13 to the financial statements reflect prepayments/receivables from non-exchange transactions balance of Kshs.10,000,000, in respect of a loan due from the County Government as further disclosed in Note 22(d) to the financial statements. The balance decreased from Kshs.40,078,962 as at 30 June, 2021. However, as reported in the previous year, the borrowing arrangement was in contravention of both Regulation 4 of the Public Finance Management (Kiambu County Assembly Car Loan Scheme Fund), Regulations, 2014 and of the Public Finance Management (Mortgage Scheme Fund), Regulations, 2014 which state that the object and purpose of the fund is to provide a loan scheme for purchase of vehicles and development, renovation or repair of residential property by members of the scheme. In addition, it is not clear why the borrowings had not been refunded.

In the circumstances, the Management was in breach of the law. Further, the recoverability of the balance of Kshs.10,000,000 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 January, 2023

Kiambu County Alcoholic drinks control fund.
 Reports and Financial Statements
 For the year ended 30th June 2022

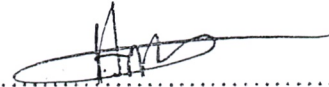
13. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contribution sand donations		-	-
Transfers from the County Government	1	23,950,000.00	13,800,000.00
Liquor Licenses	2	215,914,466.00	30,588,221.00
Revenue from exchange transactions			
Interest income			-
Other income			-
Total revenue		239,864,466.00	44,388,221.00
Expenses			
Fund Administrative Expenses	3	22,961,000.00	4,875,000.00
Finance cost	4	190,820.00	85,322.00
General Expenses	5	746,520.00	130,000.00
Transfer to the county revenue fund (CBK)	6	215,722,466.00	30,978,619.00
Total expenses		239,620,806.00	36,068,941.00
Other gains/losses			
Gain/loss on disposal of assets			-
Surplus/(deficit)for the period		243,660	8,319,280.00

The notes set out on pages 17 to 19 form an integral part of these financial statements



Name: Charles Njuguna Gikonyo
 Administrator of the Fund




Name: Antony Kirungu Ngamau
 Fund Accountant


**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	0	0
Fines, Penalties and Other Levies	3	0	0
		0	0
Revenue From Exchange Transactions			
Interest Income	4	1,167,784	4,360,617
Other Income	5	0	0
		1,167,784	4,360,617
Total Revenue		1,167,784	4,360,617
Expenses			
Employee Costs	6	0	0
Use of goods and services	7	59,660	32,962
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	0	0
Total Expenses		59,660	32,962
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Surplus/(Deficit) For The Period		1,108,124	4,327,655

(The notes set out on pages 19 to 31 form an integral part of these Financial Statements)


 Name: Mr. John Mwivithi Mutie
 Administrator of the Fund


 Name: Ms. Sarah Felicity Nkatha Kiruki
 Fund Accountant
 ICPAK Member Number: 6244

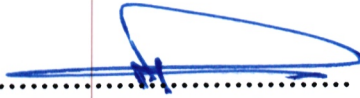
Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	251,298,811	122,611,890
Current Portion of Long- Term Receivables From Exchange Transactions	12	1,193,199	88,617,624
Prepayments	13	10,000,000	40,078,962
Inventories	14	0	0
		262,492,010	251,308,476
Non-Current Assets			
Property, Plant and Equipment	15	0	0
Intangible Assets	16	0	0
Long Term Receivables from Exchange Transactions	12	0	0
Total Assets		262,492,010	251,308,476
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	0	0
Provisions	18	0	0
Current Portion of Borrowings	19	0	0
Employee Benefit Obligations	20	0	0
		0	0
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20		
Long Term Portion of Borrowings	19	0	0
Total Liabilities		0	0
Net Assets		262,492,010	251,308,476
Revolving Fund		243,255,053	247,255,053
Reserves		0	0
Accumulated Surplus		19,236,957	4,053,424
Total Net Assets and Liabilities		262,492,010	251,308,477

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/2022 and signed by:



.....
Name: Mr. John Mwivithi Mutie
Administrator of the Fund





.....
Name: Ms. Sarah Felicity Nkatha Kiruki
Fund Accountant
ICPAK Member Number: 6244

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Revolving Fund	Revaluati on Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	433,255,053	0	17,872,545	451,127,598
Surplus/(Deficit) For the Period	0	0	4,327,655	4,327,655
Funds paid During the Year	(186,000,000)	0	0	(186,000,000)
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Prior Year Adjustments	0	0	(18,146,776)	(18,146,776)
Balance As At 30 June 2021	247,255,053	0	4,053,424	251,308,477
Balance As At 1 July 2021	247,255,053	0	4,053,424	251,308,477
Surplus/(Deficit) For the Period	0	0	1,108,124	1,108,124
Funds paid During the Year	(4,000,000)	0	0	(4,000,000)
Transfers	0	0	0	0
Adjustments	0	0	14,075,409	14,075,409
Revaluation Gain	0	0	0	0
Balance As At 30 June 2022	243,255,053	0	19,236,957	262,492,010


 Name: Mr. John Mwivithi Mutie
 Administrator of the Fund


 Name: Ms. Sarah Felicity Nkatha Kiruki
 Fund Accountant
 ICPAK Member Number:6244

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		0	0
Interest received		1,752,362	4,605,557
Receipts from other operating activities		0	0
Total receipts		1,752,362	4,605,557
Payments			
Fund administration expenses		0	0
General expenses		(59,660)	(32,962)
Finance cost		0	0
Other payments		(59,660)	(32,962)
		0	0
Net cash flows from operating activities	21	1,692,702	4,572,595
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		101,006,576	108,903,833
Loan disbursements paid out		(450,000)	(3,200,000)
Net cash flows used in investing activities		100,556,576	105,703,833
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Members transport Facilitation benefits		(2,800,000)	(184,000,000)
Other Receivables		0	(28,225,731)
Other Payments		(190,390)	0
Other Receipts -KRA Deposit by the Assembly as car grants		52,323,630	0
Other Payments -Assembly payment to KRA Tax on car grants		(52,974,580)	0
Additional borrowings		0	0

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Repayment of borrowings		30,078,962	0
Net cash flows used in financing activities		26,437,623	(212,225,731)
Net increase/(decrease) in cash & cash Equivalents		128,686,901	(101,949,303)
Prior Year Adjustments		0	(18,146,776)
Cash and cash equivalents at 1 July	11	122,611,910	242,707,989
Cash and cash equivalents at 30 June	11	251,298,811	122,611,910

.....
Name: Mr. John Mwivithi Mutie
Administrator of the Fund

.....
Name: Ms. Sarah Felicity Nkatha Kiruki
Fund Accountant
ICPAK Member Number: 6244

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public Contributions And Donations	0	0	0	0	0	0
Transfers From County Govt.	0	0	0	0	0	0
Interest Income	1,752,362	0	1,752,362	1,752,362	0	100%
Other Income	0	0	0	0	0	0
Total Income	1,752,362	0	1,752,362	1,752,362	0	100%
Expenses						0
Fund Administration Expenses	0	0	0	0	0	0
General Expenses	59,660	0	59,660	59,660	0	100%
Finance Cost	0	0	0	0	0	0
Total Expenditure	59,660	0	59,660	59,660	0	100%
Surplus For The Period	1,692,702	0	1,692,702	1,692,702	0	100%

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

County Assembly Car Loan and Mortgage Scheme Fund entity is established by and derives its authority and accountability from County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity's principal activity is to disburse car loan and mortgage to the Honourable members.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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 financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on June 17TH 2022. 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 Nil on the FY 2021-2022 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) 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.

f) 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.

g) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Summary Of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by the Public Finance Management Act the County Assembly Car Loan and Mortgage Scheme Fund. Its ultimate parent is the County Government of Kiambu.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 0.

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

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	0	0
Payments By County On Behalf Of The Entity	0	0
Total	0	0

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	457,993	1,706,497
Interest Income From Car Loans	709,791	2,654,120
Interest Income From Investments	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	1,167,784	4,360,617

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	0	0
Income From Sale Of Tender Documents	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other	0	0
Total	0	0

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	0	0
Bank Charges	0	0
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0
Description	2021/22	2020/21
	Kshs.	Kshs.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	59,660	32,962
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other	0	0
Total	59,660	32,962

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	0	0
Intangible Assets	0	0
Total	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Family Bank, Thika Branch Kiambu County Assembly Car and Loan Mortgage loan recovery account ,005000049017	225,354,554	122,602,815
Family Bank, Thika Branch Kiambu County Assembly Car and Loan Mortgage loan recovery account ,005000047655	25,944,257	9,075
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	0	0
Others	0	0
Total Cash And Cash Equivalents	251,298,811	122,611,890

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Family Bank, Thika Branch Kiambu County Assembly Car and Loan Mortgage loan recovery account ,005000049017		225,354,554	122,602,815
Family Bank, Thika Branch Kiambu County Assembly Car and Loan		25,944,257	9,075

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Mortgage loan recovery account ,005000047655			
Sub- Total		251,298,811	122,611,890
d) Others			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		251,298,811	122,611,890

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	2,256	606,128
Current Loan Repayments Due	1,190,943	88,011,496
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables	1,193,199	88,617,624
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	1,193,199	88,617,624

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	606,128	604,988
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	2,256	606,128
Current loan repayments due		
Current portion of long-term loans from previous years	1,190,943	88,011,496
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	1,190,943	88,011,496

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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13. Prepayments/Receivables from non-exchange transaction

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments /Receivables from non-exchange transaction	10,000,000	40,078,962
Total	10,000,000	40,078,962

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories	0	0
Total Inventories At The Lower Of Cost And Net Realizable Value	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June 2022	0	0	0	0	0
Depreciation And Impairment					
At 1 st July 2020	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
Net Book Values	0	0	0	0	0
At 30 th June 2021	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	0	0
Additions	0	0
At End Of The Year	0	0
Amortization And Impairment		
At Beginning Of The Year	0	0
Amortization	0	0
At End Of The Year	0	0
Impairment Loss	0	0
At End Of The Year	0	0
NBV	0	0

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables	0	0
Total Trade And Other Payables	0	0

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End Of The Year (30.06.2022)	0	0	0	0

Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	0	0
Repayments Of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	0	0
Sterling Pound Denominated Loan From 'Y Organisation'	0	0
Euro Denominated Loan from Z Organisation'	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End Of The Year	0	0

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:	0	0
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	1,752,362	4,605,557
Finance Cost	(59,660)	(32,962)
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	1,692,702	4,572,595

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Loan Management Committee.

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Loan Management Committee	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	10,000,000	40,078,962
Total	10,000,000	40,078,962

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	1,193,199	1,193,199	0	0
Receivables From Non-Exchange Transactions	251,298,811	251,298,811	0	0
Total	252,492,010	252,492,010	0	0
At 30 June 2021				
Receivables From Exchange Transactions	88,617,624	88,617,624	0	0
Receivables From Non-Exchange Transactions	40,078,962	40,078,962	0	0
Bank Balances	122,611,890	122,611,890	0	0
Total	251,308,477	251,308,477	0	0

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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 entity has significant concentration of credit risk on amounts due from 0

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

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.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

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Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	0	0
USD	10%	0	0
2021			
Euro	10%	0	0
USD	10%	0	0

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 0 (2022: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2021 – KShs 0)

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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:

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	243,255,053	247,255,053
Accumulated surplus	19,236,957	4,053,424
Total funds	262,492,010	251,308,477
Total borrowings	0	0
Less: cash and bank balances	(251,298,811)	(122,611,890)
Net debt/(excess cash and cash equivalents)	(251,298,811)	(122,611,890)
Gearing	0	0

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19. Progress On Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

