

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	26.02.2025
TABLED BY	MAJORITY LEADER
COMMITTEE	
CLERK AT THE TABLE	BELINDA

ON

**BUNGOMA COUNTY ASSEMBLY
MEMBERS' CAR LOAN AND
MORTGAGE SCHEME FUND**

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



**COUNTY
GOVERNMENT OF
BUNGOMA**



**BUNGOMA COUNTY
ASSEMBLY – MEMBERS’
CAR LOAN AND
MORTGAGE FUND**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

30th June, 2024



**BUNGOMA COUNTY ASSEMBLY – MEMBERS’ CAR LOAN AND
MORTGAGE FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30th, 2024

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management: The key management personnel who had financial responsibility

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Fund Information and Management

a) Background information

The Bungoma County Assembly Member Car Loan and Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) gazette Notice No.9792 of 27th July, 2022, Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public Funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Bungoma county adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The Fund is internally administered in the county assembly by the office of the clerk.

The Fund is wholly owned by the county government of Bungoma and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to provide car loan and Mortgage to Members of the County Assembly.



**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Key Fund and Management (Continued)

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Meshack Simiyu Wekesa	Chairperson
2	Hon. Milliah Masungu	Vice Chairperson
3	Mr. Charles W. Wafula	Administrator of the Fund
4	Dr Leonard Momos	Member
5	CPA Symon Walukana	Member
6	Ignatius Wangila	Member

d) Key Management Team

Ref	Name	Position
1	Mr. Charles W. Wafula	Administrator of the Fund
2	CPA Symon Walukana	Principal Finance Officer
3	Elias Taskin	Fund Accountant

e) Fiduciary Oversight Arrangements

SN.	Name	Position
1	CPA Alfred Makokha	Principal Internal Auditor

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Key Fund and Management (Continued)

f) County Assembly of Bungoma Headquarters

County Assembly of Bungoma

P.O. Box 1886 -50200

Former County Council Building

Moi Avenue

BUNGOMA, KENYA

g) County Assembly of Bungoma Contacts

Telephone: 0202651905 / 0208000663

E-mail: info@bungomaassembly.go.ke

Website: <http://www.bungomaassembly.go.ke>

h) Bungoma County Assembly Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Kenya Commercial Bank of Kenya

P.O. Box 201- 50200

BUNGOMA, KENYA

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

i) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

j) Principal Legal Adviser

The County Attorney

County Government of Bungoma

P.O. Box 437 - 50200

BUNGOMA, KENYA

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

Key Fund and Management (Continued)

Fund Management Committee

Hon Meshack Simiyu is currently the Majority Party Chief Whip at the County Assembly. He is serving his second term as MCA for Mukuyuni Ward. He has served on many Committees at the County Assembly as a Vice Chair and a Member. He previously served as a Councillor under the defunct local authority before rising through the ranks to be elected Chairman of the then Bungoma County Council. He has vast knowledge in Governance.



*Hon Meshack Simiyu
Chairman*

Hon Milliah Masungu is the Minority Party Chief Whip at the Bungoma County Assembly. She is serving her second term as MCA for Misikhu Ward. She has previously served as the Chairperson of the Education Committee at the County Assembly. Prior to her election as MCA, she served as a Councillor for Bungoma County Council under the defunct local authority, and an Official on Webuye East CDF Board. Hon. Masungu has vast knowledge in Governance.



*Hon Milliah Masungu
Vice Chair*

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



*Simon Wanjala Walukana
Member*

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

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

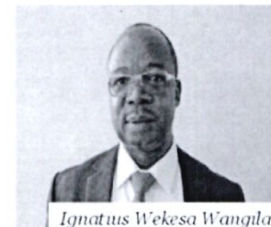
Dr. Momos Leonard is a distinguished academic and professional expert with extensive knowledge in business management and strategic leadership. He holds a PhD in Business Management with a focus on Strategic Management from Masinde Muliro University of Science and Technology, complemented by an MBA in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



*Dr. Leonard Momos Juma
Member*

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

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



*Ignatius Wekesa Wangila
Member*

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

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

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

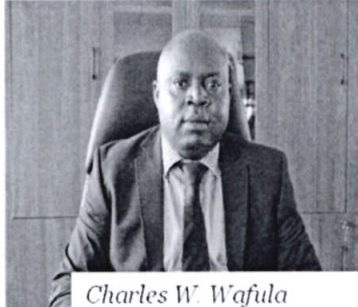


*Charles W. Wafula
Fund Administrator*

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

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

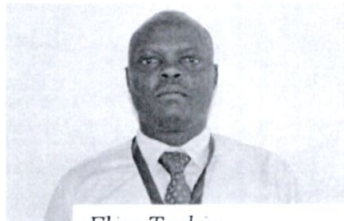
3. Management Team



*Charles W. Wafula
Fund Administrator*



*Symon Wanjala Walukana
Principal Finance Officer*



*Elias Taskin
Fund Accountant*

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Fund Chairperson's Report

It is my pleasure to present the Bungoma County Assembly Members Car Loan and Mortgage scheme Fund financial statements for the period ended 30th June, 2024. The financial statements present the financial performance of the Fund over the period.

Sustainability

The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

Review of performance

The income from interest amounted to Kshs **8,664,878**.

The total expenditures during the period amounted to Kshs **2,311,397** meant for Fund's administration expenses.

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Bungoma, stakeholders, management committees and fellow members for their continued support which made us achieve these results.

I look forward to your continued support.



Hon. Meshack Simiyu

Chairperson

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Report of The Fund Administrator

It is my pleasure to present the Bungoma County Assembly Members' Car Loan and Mortgage Scheme financial statements for the year ended 30th June, 2024. The financial statements present the financial performance of the Fund over the period.

Financial Performance

In the year ended 30th June, 2024, the Fund was able to realise Kshs **8,664,878** in actual interest. There was an increase in interest realised from Kshs **3,144,956** in the comparative financial year.

During the financial year 2023/2024, the total loans disbursed amounted to Kshs **38,912,958** comprising of Car loans of Kshs **2,000,000** and Mortgage of Kshs**36,912,958**.

During the financial year, the Fund managed to recover loans from beneficiaries as follows:-

	Interest	Insurance	Principal	Total
Car Loan	3,029,683	2,146,658	30,283,961	35,460,302
Mortgage	5,635,195	693,584	50,468,229	56,797,009
Total	8,664,878	2,840,242	80,752,190	92,257,310

Table 1: Loan Recoveries

In the financial period, we did not have any liquidity disruptions. The cash and cash equivalents was Kshs **15,694,592** as at 30th June, 2024.

I take this opportunity to thank the Fund Management Committee for their support. I would like to thank all stakeholders who worked hand in hand to ensure that Bungoma County Assembly Members' Car Loan and Mortgage achieves its mission.



Charles W. Wafula

Administrator of the Fund

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Fund shall prepare in accordance with the standards and formats prescribed by the PSASB which includes a statement of the county government Fund's performance against predetermined objectives.

The key development objectives of Bungoma County Assembly Members' Car Loan and Mortgage Fund include;

- a) To provide a loan scheme for the purchase, development, renovation or repair of residential houses to members of the scheme
- b) To provide a loan scheme for the purchase of vehicles to members of the scheme
- c) To raise Funds for the implementation of the loan scheme.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of County Assembly	To ensure all Members have access to Mortgage facilities	Number mortgages successfully applied	100% of members of County Assembly taking Mortgage facilities	During FY 2023/2024, 100% of Members of County Assembly accessed the facility and were able build their own houses
Provision of Car Loan facilities to all members of County Assembly	To ensure all Members have access to Car Loan facilities	Number Car Loans successfully applied	100% of members of County Assembly taking Car Loan facilities	During FY 2023/2024, 100% of Members of County Assembly accessed the facility and were able to buy their own cars.

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

7. Corporate Governance Statement

The Fund

The Bungoma County Assembly Members Car Loan and Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) gazette Notice No.9792 of 27th July, 2022, Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans and mortgage to Members of County Assembly. The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Fund is a formal governance structure with the Fund Management Committee at its apex. The operations of the Fund are governed by the Revised Members Car Loan and Mortgage regulations dated 7th November, 2022. The structure is designed to ensure an informed decision-making process based on accurate reporting to the Fund.

Audit Committee

In ensuring that corporate governance and integrity is enhanced, the Fund Management Committee engages the audit committee. The members of this committee during the year under review were:

SN.	Name	Position
1	Dr. Destings N. Nyongesa	Chairperson
2	Mr. Fred Wasike	Member
3	Mr. Murambi Njibwakale	Member
4	Ms. Diana Khaemba	Member
5	CPA Alfred Makokha	Secretary

Table 2: Audit Committee Members

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Statement of Compliance

The Fund Management Committee confirms that the Fund has throughout the period complied with all statutory and regulatory requirements and that the Fund has been managed in accordance with the principles of good corporate governance.

Internal Control and Risk Management

Internal Control

The Fund Management Committee is responsible for reviewing the effectiveness of the Fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Control Framework

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. No significant failings or weaknesses were identified during the period.

Management Team

The management team headed by the Fund Administrator implements the Fund Management Committee decisions and policies through committee meetings. The team meets regularly to ensure that the Committee's objectives are achieved effectively and efficiently. During the period, the committee held 3 meetings.

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Fund Committee Meetings Attendance Summary FY 2023/2024				
Member	Designation	23rd Dec, 2023	18th Apr, 2024	27th Jun, 2024
Hon. Meshack Simiyu Wekesa	Chairperson	√	√	√
Hon. Milliah Masungu	Member	√	√	√
Mr. Charles W. Wafula	Member	√	√	√
Dr Leonard Momos	Member	√	√	√
CPA Symon Walukana	Member	√	√	√

Table 3: Fund Management Committee Meeting Schedule

Auditor

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.

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

8. Management Discussion and Analysis

The Fund has continued to grow and the management has put measures in place to safeguard against risks.

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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 CAB has in place Enterprise Risk Management Policy, 2022, to ensure that credit is only extended to members with an established credit history.

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

Business Performance

Revenue

In the year ended 30th June 2024, the Fund was able to realise Kshs 8,664,878 in actual interest which is an increase from Kshs3,144,956 realised in the comparative financial year 2022/2023.

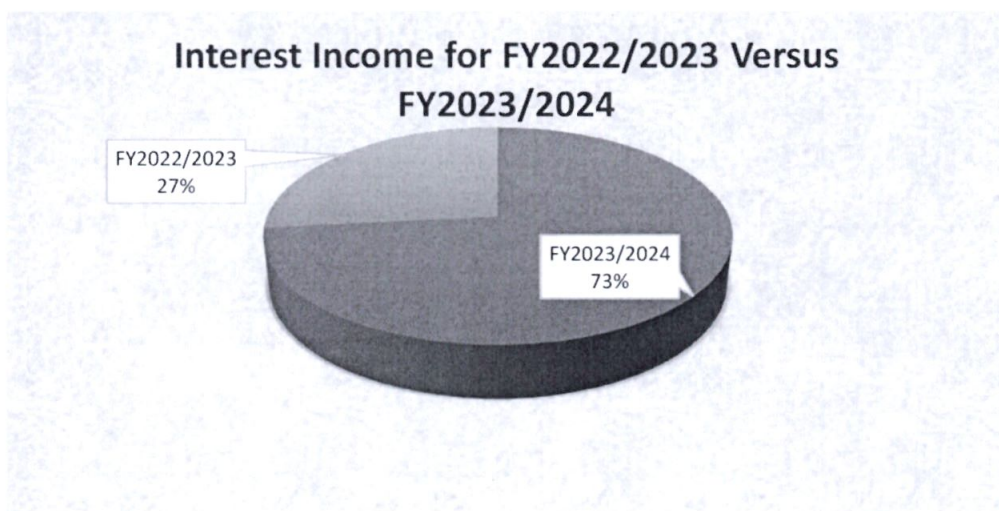


Figure 1: Revenue

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

Cash flows

We have not had many liquidity disruptions in the period under review. The cash and cash equivalents was Kshs 15,694,592 as at 30th June, 2024 which is an increase from the prior year's cash flow of Kshs5,142,995.

Loans Disbursements

During the financial year 2023/2024, the Fund disbursed a total of Kshs 38,912,958 analysed as follows;

Loan Disbursed	Amount
Car Loan Issues	2,000,000
Mortgage Issues	36,912,958

Table 4: Loan Disbursed during the period

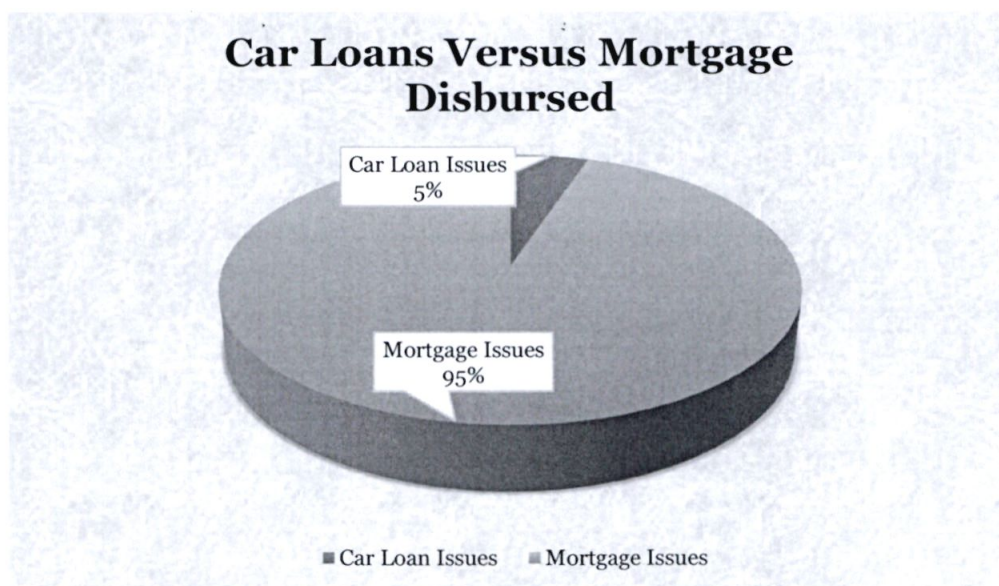


Figure 2: Car Loan Vs Mortgage Disbursed

Operational Performance

The Fund's core operating activity is to offer car loans and mortgage to MCAs.

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

9. Environmental and Sustainability Reporting

The Bungoma County Assembly Members Car Loan and Mortgage Scheme Fund exists to motivate the members in articulating their role of legislation, representation and oversight. Key factors on which the disbursement of the loans is anchored to:

a) Sustainability strategy and profile

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

b) Employee welfare

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

10. Report of The Fund

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

Principal activities

The principal activities of the Fund are;

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

Results

The results of the financial performance of the Fund for the year ended June 30th, 2024 are set out from page 1.

Fund Committee

The members of the Fund Committee who served during the year are shown on page vii to ix.

Auditors

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

By Order of the Committee



Hon. Milliah Masungo

Vice Chair of the Committee

Bungoma County Assembly Members' Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2024

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

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

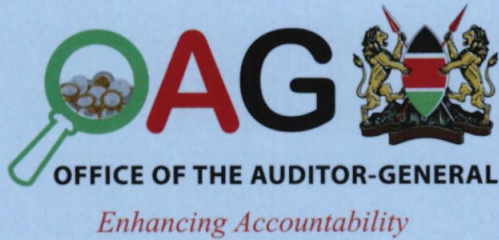
The Fund's financial statements were approved by the Fund Management Committee on 20th September, 2024 and signed on its behalf by:



Charles W. Wafula

Administrator of the Fund

REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bungoma County Assembly Members' Car Loan and Mortgage Scheme Fund set out on pages 1 to 51, which

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

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Assembly Members' Car Loan and Mortgage Scheme Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Bungoma County Assembly Members' Car Loan Scheme Fund) Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.268,343,843 as disclosed in Note 13 to the financial statements. The balance includes a balance brought forward amount of Kshs.21,264,793 which refers to loans advanced to members of the first and second County Assemblies who were not subsequently re-elected. No explanation was provided on why the former members were advanced loans that were not confined to the term of their respective office tenure of five (5) years.

In the circumstances, the accuracy and recoverability of the opening balance of long outstanding loans of Kshs.21,264,793 issued to the former Members of County Assembly could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparative basis amounting to Kshs.9,000,000 and Kshs.7,978,533 respectively, resulting to an under-collection of Kshs.1,021,467 or 11% of the approved

budget. Similarly, the Fund expended Kshs.2,311,397 against an approved budget of Kshs.5,030,000 resulting to under-utilization of Kshs.2,718,603 or 54% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Provide Jointly Registered Ownership Documents

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.268,343,843 and as disclosed in Note 13 to the financial statements. The balance includes Kshs.2,000,000 and Kshs.36,912,958, totalling to Kshs.38,912,958 which relate to car and mortgage loans disbursements respectively during the year. However, the log books and title deeds which are jointly registered under the Fund and borrowers were not provided for audit as required by Regulation 8(2) of the Public Finance Management (Bungoma County Assembly Members' Car Loan Scheme Fund) Regulations, 2022, which provides that, jointly registered ownership documents of property financed by the Fund should be kept in the custody of the officer administering the Fund.

In the circumstances, the ownership rights and obligations of long-term receivables from exchange transactions balance of Kshs.38,912,958 could not be confirmed.

2. Outstanding Borrowing by County Assembly Service Board

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.76,055,204 and as disclosed in Note 13 to the financial statements. The balance includes Kshs.72,505,955 in respect to unrefunded borrowings by the County Assembly Service Board contrary to Regulation 4 of both the Public Finance Management (County Assembly Members Car Loan Scheme Fund) Regulations, 2022 and the Public Finance Management (County Assembly Members Mortgage Fund) Regulations, 2018 which states that the object and purpose of the fund is to provide a loan scheme for purchase of vehicles by members and for the purchase, development, renovation or repair of residential property by members of the scheme respectively.

In the circumstances, Fund monies may not be available for disbursement to new applicants.

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

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2024

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

13. Statement of Financial Performance for the Year Ended 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	8,664,878	3,144,956
Other Income	5	-	-
		8,664,878	3,144,956
Total Revenue		8,664,878	3,144,956
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	2,311,397	1,144,640
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		2,311,397	1,144,640
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		6,353,481	2,000,316

(The notes set out on pages 22 to 44 form an integral part of these Financial Statements)

.....
Name: Charles W. Wafula
Fund Administrator

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

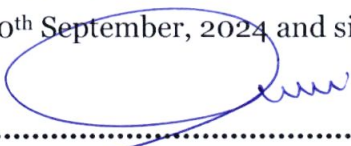
14. Statement of Financial Position as at 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	15,694,592	5,142,995
Current Portion of Long- Term Receivables from Exchange Transactions	13	76,055,204	68,814,526
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		91,749,796	73,957,521
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	268,343,843	312,329,733
Investment Property	19	-	-
Total non- current assets		268,343,843	312,329,733
Total Assets (A)		360,093,640	386,287,254
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	39,591,254	75,001,254
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Total current liabilities		39,591,254	75,001,254
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total Liabilities (B)		39,591,254	75,001,254
Net Assets (A-B)		320,502,386	311,286,000
Represented By:			
Revolving Fund		314,606,924	314,606,924
Reserves		-	-
Accumulated Surplus		5,895,461	- 3,320,924
Net Assets		320,502,386	311,286,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20th September, 2024 and signed by:


.....

Name: Charles W. Wafula
Fund Administrator


.....

Name: Elias Taskin
Fund Accountant
ICPAK Member Number:

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July, 2022	191,000,000	-	(688,857)	190,311,143
Surplus/(deficit) for the period	-	-	2,000,316	2,000,316
Funds received during the year	128,000,000	-	-	128,000,000
Adjustment from first Assembly	(4,393,076)	-	(4,632,382)	(9,025,458)
Balance as at 30 June, 2023	314,606,924	-	(3,320,924)	311,286,000
Balance as at 1 July, 2023	314,606,924	-	(3,320,924)	311,286,000
Surplus/(deficit) for the period	-	-	6,353,481	6,353,481
Accrued interest	-	-	2,862,904	2,862,904
Funds received during the year	-	-	-	-
Balance as at 30 June, 2024	314,606,924	-	5,895,461	320,502,386

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

16. Statement of Cash Flows for the Year Ended 30th June, 2024

Description	Note	FY2023/2024	FY2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Fines, penalties and other levies		-	-
Interest received		7,978,533	3,144,956
Receipts from other operating activities		-	-
Total receipts		7,978,533	3,144,956
Payments			
Employee costs		-	-
Use of Goods and Services		(2,311,397)	(1,144,640)
Depreciation and Amortization Expense		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		(2,311,397)	(1,144,640)
Debtors Borrowings		(9,692,000)	(317,380)
Debtors Repayments		6,000,000	45,000,000
		(3,692,000)	44,682,620
Net cash flows from operating activities		1,975,136	46,682,936
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from Insurance Premium Recovered		2,146,658	693,584
Proceeds from loan principal repayments		80,752,190	26,896,437
Loan disbursements paid out		(38,912,958)	(297,818,563)

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Net cash flows used in investing activities		43,985,890	(270,228,542)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	128,000,000
Additional borrowings (from Employees' Fund)		-	75,001,254
Repayment of borrowings (from Employees' Fund)		571	23,108,175
Repayment of borrowings (to Employees' Fund)		(35,410,000)	-
Net cash flows used in financing activities		(35,409,429)	226,109,429
Net increase/(decrease) in cash & cash Equivalents		10,551,597	2,563,823
Cash and cash equivalents at 1 July		5,142,995	2,579,172
Cash and cash equivalents at 30 June		15,694,592	5,142,995

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Comparison of Budget And Actual Amounts for the Period June 30th, 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	9,000,000	-	9,000,000	7,978,533	1,021,467	89%
Other Income	-	-	-	-	-	-
Total Income	9,000,000	-	9,000,000	7,978,533	1,021,467	89%
Expenses						
Fund Administration Expenses	5,000,000	-	5,000,000	2,296,000	2,704,000	46%
General Expenses	-	-	-	-	-	-
Finance Cost	30,000	-	30,000	15,397	14,603	51%
Total Expenditure	5,030,000	-	5,030,000	2,311,397	2,718,603	46%
Surplus For the Period	3,970,000	-	3,970,000	5,667,136	(1,697,136)	143%
Capital expenditure	-	-	-	-	-	-

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Budget notes

1. *The Fund didn't manage to earn interest income as per the budgeted due to reducing balance method of computing interest. (IPSAS 24.29)*
2. *The legal expenses for charging the securities were not paid*

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Bungoma County Assembly Car Loan and Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) gazette Notice No.9792 of 27th July, 2022, Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public Funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Bungoma county adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The Fund is internally administered in the county assembly by the office of the clerk.

The Fund is wholly owned by the county government of Bungoma and is domiciled in Kenya, the Fund's objective is to;

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

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

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

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

Standard	Effective date and impact:
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 the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the</p>

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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	<p>scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that the Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

(i) Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

i. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 30th March, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024

authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Note 18 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 Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Summary of Significant Accounting Policies (Continued)

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

c) Financial instruments

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

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Summary of Significant Accounting Policies (Continued)

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Summary of Significant Accounting Policies (Continued)

d) Inventories

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

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

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

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

e) Provisions

Provisions are recognized when the Fund 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 Fund 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.

Summary of Significant Accounting Policies (Continued)

f) Social Benefits

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

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

Summary of Significant Accounting Policies (Continued)

j) Employee benefits – Retirement benefit plans

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

k) 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.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Summary of Significant Accounting Policies (Continued)

m) Related parties

The Fund regards a related party as a person or the Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa.

n) 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 Kenya Commercial Bank at the end of the financial year.

o) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

Summary of Significant Accounting Policies (Continued)

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 Fund 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 Fund. 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 Fund
- 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.

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.

6. Notes to the Financial Statements Continued

1. Public contributions and donations

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

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Interest Income from Mortgage Loans	5,635,195	1,507,721
Interest Income from Car Loans	3,029,683	1,637,234
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	8,664,878	3,144,956

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	2,296,000	1,130,000
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Bank Charges	15,397	14,640
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other	-	-
Social benefit expenses*	-	-
Total	2,311,397	1,144,640

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

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Car Loan and Mortgage Account	15,694,592	5,142,995
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Others	-	-
Total Cash and Cash Equivalents	15,694,592	5,142,995

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

Financial Institution	Account number	FY2023/2024	FY2022/2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, etc.		-	-
Sub- Total		-	-
b) On - Call Deposits		-	-
Kenya Commercial Bank		-	-
Kenya Commercial Bank		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial bank	1220563730	15,592,727	5,036,142

Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Kenya Commercial bank	1265050945	101,865	106,853
Sub- Total			
d) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		15,694,592	5,142,995

13. Receivables from exchange transactions

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	3,549,249	-
Current Loan Repayments Due	-	-
Other Debtors	72,505,955	68,814,526
Less: Impairment Allowance	-	-
Total Current Receivables	76,055,204	68,814,526
Non-Current Receivables		
Long Term Loan Repayments Due	268,343,843	312,329,733
Total Non- Current Receivables	268,343,843	312,329,733
Total Receivables from Exchange Transactions	344,399,047	381,144,259

Additional disclosure on interest receivable

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	686,345	-
Accrued interest receivable from long-term loans of previous years	2,862,904	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	228,796,083	-

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Accrued principal from long-terms loans from previous periods	16,280,048	-
Current portion of long-term loans issued in the current year	23,267,713	-

14. Prepayments

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

15. Inventories

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

16. Investments in financial assets

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

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

e) Shareholding in other entities

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

17. Property, plant and equipment

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

18.Intangible assets

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

19.Investment Property

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	39,591,254	75,001,254
Total Trade and Other Payables	39,591,254	75,001,254

Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	39,591,254	%	75,001,254	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	39,591,254		75,001,254	

21. Provisions

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

22. Borrowings

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Notes to the Financial Statements (Continued)

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

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

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits
	Kshs	Kshs
Current Benefit Obligation	-	-
Non-Current Benefit Obligation	-	-
Total	-	-

24. Social Benefit Liabilities

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements (Continued)

25. Cash generated from operations.

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	6,353,481	2,000,316
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	(7,978,533)	(3,144,956)
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase In Inventory	-	-
Increase In Receivables	(3,691,429)	3,295,248
Increase In Payables	-	-
Net Cash Flow from Operating Activities	(5,316,481)	2,150,608

Notes to the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Due From CASB	72,505,955	68,814,526
Due From County Government	-	-
Total	72,505,955	68,814,526

Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Other Disclosures Continued

e) **Due to related parties**

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Due to Employees Fund Scheme	39,591,254	75,001,254
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	39,591,254	75,001,254

27. Contingent assets and contingent liabilities

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

Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June, 2024				
Receivables From Exchange Transactions	3,549,249	-	3,549,249	-
Receivables From Non-Exchange Transactions	72,505,955	3,692,000	68,813,955	-
Bank Balances	15,694,592	15,694,592	-	-
Total	91,749,796	19,386,592	72,363,204	-
At 30 June, 2023	-			
Receivables From Exchange Transactions	2,862,904	-	2,862,904	-
Receivables From Non-Exchange Transactions	68,814,526	-	68,814,526	-
Bank Balances	5,142,995	5,142,995	-	-
Total	76,820,426	5,142,995	71,677,430	-

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

The Fund has significant concentration of credit risk on amounts due from.

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

b) Liquidity risk management

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

Bungoma County Assembly Members' Car Loan and Mortgage Fund
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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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June, 2024				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	39,591,254	39,591,254
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	39,591,254	39,591,254
At 30 June, 2023				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	75,001,254	75,001,254
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	75,001,254	75,001,254

Notes to the Financial Statements (Continued)

c) Market risk

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

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

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

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

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.

i. Interest rate risk

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
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Management of interest rate risk

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

Sensitivity analysis

This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

d) Capital risk management.

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

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	314,606,924	314,606,924
Accumulated surplus	5,895,461	- 3,320,924
Total funds	320,502,386	311,286,000
Total borrowings	39,591,254	75,001,254
Less: cash and bank balances	(15,694,592)	(5,142,995)
Net debt/(excess cash and cash equivalents)	23,896,662	69,858,259
Gearing	7.46%	22.44%

29. Events after the reporting period

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

30. Ultimate and Holding Fund

The Bungoma County Assembly Member Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) gazette Notice No.9792 of 27th July, 2022, Section 167 of the Public Finance

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Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Bungoma county adopted the PFM regulations 2014 to guide in the operationalization of the fund. The fund is internally administered in the county assembly by the office of the clerk.

The fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

31. Currency

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

19. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1. Unsupported Prior Year Adjustments	The statement of financial assets and liabilities as at 30 June, 2023 reflects a nil balance in respect of prior year adjustment which, as disclosed in Note 7 to the financial statements, comprises of a balance brought forward of Kshs.45,625,458 and two negative balances of Kshs.36,6000,000 and Kshs.9,025,458 relating to reversal of entry of tax on car grant paid by County Assembly Service Board and variations in interest on loans from first assembly. However, no	The management agrees with the audit findings that as at the time of audit, prior year adjustments had not been properly supported but the same has been done as tabulated and as per the attached appendices. See Annex -)	Resolved	FY 2023/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>documentary evidences provided to support the amounts.</p> <p>In the circumstances, the accuracy and completeness of the nil prior year adjustment balance could not be confirmed.</p>			
2.Doubtful Long-Term Receivables	<p>The statement of financial position reflects a balance of Kshs.292,379,746 in respect of current portion of long-term receivables from exchange transactions which, as disclosed in Note 4B to the financial statements includes Kshs.21,457,620 relating to loans advanced to members of the first and Second County Assemblies who were not subsequently re-elected. No explanation was provided on why the former</p>	<p>The management agrees with the Audit findings that as at the time of Audit, some honourable Members of 1st and 2nd Assembly had not serviced their loans. The Assembly has initiated a recovery plan by issuing demand notices to defaulting members of the first and Second</p>	Not Resolved	FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Members were advance loans that were not confined to the lives of their respective terms of five years. In addition, the log books and title deeds were not jointly registered between the Members and the County Assembly as required by Regulation 8(2) of the Public Finance Management (Bungoma County Assembly Member's Car Loan Scheme Fund) Regulation, 2022 that requires that logbooks of the motor vehicles financed by the Fund be registered jointly between the County Assembly and the Member.</p> <p>Further, the beneficiaries received cash instead of settlement of property price being directly with the vendor.</p>	<p>Assembly whose securities were submitted. Currently loans are issued and repaid within the term of service of Hon. Members as per the approved amended regulations.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	In the circumstances, Management was in breach of the law and the recoverability of the long outstanding loans of Kshs.21,457,620 issued to the former Members of County Assembly is doubtful.			
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs. 5,000,000 and Kshs. 3,144,956 respectively, resulting to underfunding of Kshs.1,855,044, or 37% of the budget. Similarly, the fund expended Kshs. 1,144,640 against an approved budget of Kshs. 4,000,000 resulting to underperformance of Kshs. 2,855,360 or 71% of the budget.	The interest was not fully earned because most of the Honourable members received their loans towards the end of the financial year hence the loans did not earn maximum interest. Included in the budget amount are legal expenses towards charging of the log	Resolved	FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.	books and title deeds which was not done during the financial year leading to underperformance.		
Unresolved Prior Year Matters	In the audit of the previous year, two issues were raised under Report on the Financial Statements. However, Management has not resolved the issues or given explanation on the failure to resolve them as required by the Public Sector Accounting Standards Board reporting template.	The management agrees with audit finding. The audit reports are normally tabled in the Public Accounts and Investment Committee (PAIC). Responses are also annexed in the subsequent year's financial statements.	Resolved	FY 2023/2024
Failure to Provide Jointly Registered Ownership Documents	The statement of financial position reflects a balance of Kshs 292,379,747 in respect of long-	The management agrees with the Audit findings. Currently the	Resolved	FY 2023/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>term receivables from exchange transactions which, as disclosed in Note 4B to the financial statements, includes Kshs.128,000,000 and Kshs.169,560,000 totalling to Kshs.297,560,000 relating to car loan and mortgage disbursements respectively, during the year. However, Management did not produce logbooks and title deeds jointly registered between the County Assembly and loanee as required by Regulation 8(2) of the Public Finance Management (Bungoma County Assembly Member's Car Loan Scheme Fund) Regulation, 2022 which provides that jointly registered ownership documents of property financed by</p>	<p>log books and title deeds have been submitted and are in the process of being jointly co-owned between the beneficiary and County Assembly</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	the Fund should be kept in custody of the officer administering the fund. In the circumstances, Management was in breach of the law.			

Charles W. Wafula

Administrator of the Fund



**COUNTY GOVERNMENT
OF BUNGOMA**

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