

REPUBLIC OF KENYA



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REPORT



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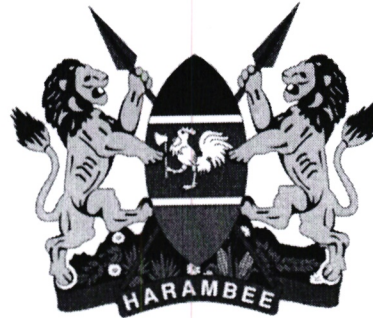
THE AUDITOR-GENERAL

ON

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

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

OFFICE OF THE AUDITOR GENERAL
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NYAMIRA COUNTY ASSEMBLY CAR AND MORTGAGE LOAN SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

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

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

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	3
2. FUND ADMINISTRATION COMMITTEE	5
3. Management Team	8
4. Fund Chairperson's Report	9
5. Report of The Fund Administrator	10
Statement of Performance Against County Entity's Predetermined Objectives	11
6. Corporate Governance Statement	12
7. Management Discussion and Analysis	13
8. Environmental and sustainability Reporting	14
9. Statement Of Management's Responsibilities	15
10. Report of The Independent Auditor	17
11. Notes To the Financial Statements.....	38
12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	41

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund is established by Section 116 of the PFM Act and derives its authority and accountability from the Public Finance Management Act, 2012. The fund became operational vide Nyamira County Gazette Supplement No.2 of 21st March, 2014 and was further amended in 2021. The fund is wholly owned by the County Government of Nyamira and domiciled in Kenya.

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

b) Principal Activities

The principal activity of the Fund is to provide loan scheme to the members.

c) Fund Administration Committee

No.	Position	Name
1.	Chairman of the Fund	Hon. Robinson Mocheche
2.	Vice Chairperson	Hon. Charles Mokaya Maroko
3.	Fund Administrator	Mr. Duke Onyari
4.	Member	Hon. Thaddeus Nyabaro
5.	Member	Hon. Callen Atuya
6.	Member	Hon. George Morara Nyachae
7.	Member	CPA. Evelyn Kiage
8.	Member	CPA. Leonard Nyamasege
9.	Member	Mr. David Nyaberi
10.	Member	Mr. Jared Mecha

d) Key Management

No.	Position	Name
1.	Fund Chairman	Hon. Robinson Mocheche
2.	Fund Administrator	Mr. Duke Onyari
3.	Fund Accountant	CPA. Leonard Nyamasege

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

e) Registered Offices

P.O. Box 590 - 40500
Nyamira County Assembly
Off Nyamira – Nyabite Road
Nairobi, KENYA

f) Fund Contacts

Telephone: (254) 701967200
E-mail: info@nyamiraassembly.go.ke
Website: www.nyamiraassembly.go.ke

g) Fund Bankers

Family Bank
Nyamira Branch
Nyamira

h) Independent Auditors

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




i) Principal Legal Adviser

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

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

2. FUND ADMINISTRATION COMMITTEE




The Fund Administration Committee comprises of ten members who oversees the administration of the fund activities.

Name	Details of qualifications and experience
 <p>Hon. Robinson Mocheche Chairman</p>	<p>He is the Chairperson of the Car and Mortgage Loan Scheme Management committee.</p> <p>Hon. Mocheche is the Deputy Speaker of Nyamira County Assembly and a Chairman of County Assembly Liaison Committee.</p> <p>He has served as a Member of County Assembly for Bonyamatuta Ward as from 2013. Mocheche holds a diploma in corporate governance from Jomo Kenyatta University.</p>
 <p>Hon. Charles Mokaya Maroko Vice Chairman</p>	<p>He is the Vice Chairperson of the Car and Mortgage Loan Scheme Management committee and the Chairperson, Finance and Economic planning. He is also a Member of the County Assembly representing Gesima Ward.</p> <p>He previously worked as a Procurement Officer in the Department of Defence before vying for Member of County Assembly Gesima Ward in 8th August 2017 general elections.</p>
 <p>Hon. George Morara Nyachae</p>	<p>He a member of the management committee and the Chairperson Budget & Appropriations Committee. He is also a Member of the County Assembly representing Kemera Ward.</p>

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




	<p>She is a member of the Car and Mortgage Loan Management Committee appointed by the Board. She is also a Member of the County Assembly representing Bokeira Ward. She holds a Diploma in Community Development from African Nazarene University.</p>
<p>Hon. Callen Atuya Member</p>	<p>He is a member of the Car and Mortgage Management Committee appointed by the Board. He is serving his second term as the Member of the County Assembly representing Ekerenyo Ward. Hon. Nyabaro previously worked at the Independent Electoral and Boundaries Commission before joining elective politics in the year 2013. He holds a diploma in Leadership and Governance from KCA University.</p>
	<p>He is the Acting Clerk of The County Assembly, the fund administrator and the secretary to the Car and Mortgage Loan Management Committee. Mr. Onyari is an Advocate of the High Court and previously served as the Deputy Clerk of the County Assembly of Nyamira.</p>
<p>Hon. Thaddeus Nyabaro Member</p>	<p>He is in charge of the day-to-day administration of the Car and Mortgage loan Scheme.</p>
	<p>He is a member of the Car and Mortgage Loan Management Committee and the Chief Finance Officer. He holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.</p>
<p>Mr. Duke Onyari Fund Administrator</p>	<p>CPA. Leonard Nyamasege Chief Finance Officer</p>

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

 <p>CPA. Evelyne Kiage Member</p>	<p>She is an elected member of staff representing the interests of the members of staff.</p> <p>She holds a Bachelor of Arts (Economics) Degree and Master of Business Administration (Finance). She is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.</p>
 <p>Mr. David Nyaberi Member</p>	<p>He is an elected member of staff of Car and Mortgage Loan Management Committee represent the members of staff.</p> <p>He holds a Diploma in Business Management from Kisii Polytechnic.</p>
 <p>Mr. Jared Mecha Sagwe Member</p>	<p>He is an elected member of staff representing the interest of the members of staff.</p> <p>He holds a Law Degree from the University of Nairobi and a Diploma from Kenya School of Law.</p> <p>He served as a member of the committee till February 2022.</p>

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

3. Management Team

Name	Details of qualifications and experience
 <p>Hon. Robinson Mocheche Chairman</p>	<p>Hon. Robinson Mocheche is the Chairperson of the Car and Mortgage Loan Scheme Management committee. Hon. Mocheche is the Deputy Speaker of Nyamira County Assembly and a Chairman of County Assembly Liaison Committee. He has served as a Member of County Assembly for Bonyamatuta Ward as from 2013. Mocheche holds a diploma in corporate governance from Jomo Kenyatta University.</p>
 <p>Mr. Duke Onyari Fund Administrator</p>	<p>Mr. Duke Onyari is the Acting Clerk of The County Assembly, the fund administrator and the secretary to the Car and Mortgage Loan Management Committee. Mr. Onyari is an Advocate of the High Court and previously served as the Deputy Clerk of the County Assembly of Nyamira. He is in charge of the day-to-day administration of the Car and Mortgage loan Scheme.</p>
 <p>CPA. Leonard Nyamasege Fund Accountant</p>	<p>He is a member of the Car and Mortgage Loan Management Committee and the Chief Finance Officer. He holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.</p>

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

4. Fund Chairperson's Report

The Management Committee submits this annual report and Financial Statements for Nyamira County Assembly Car and Mortgage Loan Scheme fund for the year ended 30th June, 2022. The financial reports disclose the state of affairs of the scheme.

The key objective of the Committee is to disburse loans to the members of the County Assembly and the staff. The Committee just like any other corporate organisations had its fair share of challenges brought about by the Covid-19 pandemic. The Management committees emphasized the strict adherence to the Ministry of Health regulations in combating the pandemic.

Amidst all the challenges faced during the period, the committee was able to conduct its business in ensuring that the scheme overall objectives are met. As a committee we look forward to even disbursing more loans to our members in order to better their livelihoods.

Signed: _____

Hon. Robinson Mocheche

Chairman, Car and Mortgage Loan Management Committee

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

5. Report of The Fund Administrator


During the year, the fund collected a total of Kshs.6,254,160 from the interest income at a rate of 3% per annum on the loans given to the members of the scheme. The interest income received surpassed the budgeted amounts by Kshs.189,160 (3% increase). However, the amounts of Kshs.6,254,160 was a decline of Kshs.1,252,702 (20% decrease) as compared with the interest income of Kshs.7,506,862 received during the financial year 2020/2021.

Out of the interest income earned of Kshs.6,254,160, 51% was spent towards meeting the scheme expenses of Fund Administration and general expenses. The expenditure incurred was way below the budgeted expenditure where the scheme had planned to spend up to 75% of the interest income while leaving 25% of the interest income to the revolving fund for growth.

The Scheme equally experienced challenges in receiving of loan deductions from its members from its members due to the delayed disbursements of funds for salaries from the National Treasury. The Committee remains committed in ensuring that funds are disbursed to the members and look forward to constant growth of the fund.

The Scheme has put in place an active risk management strategy so as to reduce the risks that could be faced by the Scheme. The strategies in place are Group Credit Life insurance policy with Britam Life Assurance Company, the loans are being repaid through check-off system and the loans are secured.

Signed: _____


Mr. Duke Onyari

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

Statement of Performance Against County Entity's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key objectives of the Public Finance Management (Nyamira County Assembly Mortgage and Car Scheme Fund) Regulations, 2021.

- a) Provide a loan scheme for the purchase, development, renovation or repair or residential property by members of Scheme.
- b) Provide a loan scheme for the purchase of vehicles by members of the Scheme.

The progress of attaining the stated objectives are:

Program	Objective	Outcome	Indicator	Performance
Program 1: Loan Scheme for Purchase, development of residential properties	To ensure that the members of the scheme have decent homes to live in	Increased number of scheme members accessing the loans for development of residential property.	% Of members with good residential properties.	In FY 2021/22 we increased the number of beneficiaries.
Program 2: Loan for purchase of vehicles	To give loan to members for purchase of private motor vehicles	Increased number of members who can access car loans	Ability to access workplace	Car loans were not issued.

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

6. Corporate Governance Statement

The Loans Management Committee met during the year to deliberate on key matters affecting the scheme such as, budget and budgetary controls and loans disbursements to more members. The Committee's functions are well articulated in the regulations as processing applications for loans in accordance with the existing terms and conditions of borrowing, liaise with mortgage institutions and County Government in soliciting for more funding. The committee also provides day to day running of the fund.

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

7. Management Discussion and Analysis

The Loan Management Committee managed to spend fifty one percent of the interest income earned as compared to fifty two percent planned for in the budget. This brought about a saving of one percent that was transferred to the revolving kitty for more loaning to its members.

The Fund did not have any investments plan since its core objective was to ensure that more loans are disbursed to the members. The Fund has always complied with the statutory provisions in its operations. The major risks that the fund faces are outstanding loans from its members of the County Assembly of the first Assembly. A total of Kshs.16 million has remained outstanding. The committee has however put in place mechanisms to ensure that all outstanding loans are repaid.

The Management Committee is pursuing more funding to assist the fund in meeting its long-term objectives.

8. Environmental and sustainability Reporting

The fund did not have any Corporate Social Responsibility during the year ended 30th June 2022.

1. Sustainability strategy and profile

Trainings have been conducted on the members of the Scheme to ensure that they appropriately discharge their mandates in line with the provisions of the Public Finance Management Act and the Nyamira County Assembly Car loan and Mortgage fund regulations 2021.

2. Environmental performance

The Management Committee is in the process of trying to reduce the usage of papers so as to ensure that the environment remains clean. The Covid-19 pandemic has now necessitated the committee to occasionally conduct its meetings virtually so as to ensure that there is a reduction in the usage of papers through printing of committee minutes and reports.

3. Employee welfare

The Management committee has always considered the welfare of its members. Necessary considerations that are in line with the regulations have been put in place so as to ensure that the employees are considered in the provisions of the loans.

4. Market place practices

The Committee ensures that all its affairs are conducted in an open and transparent manner. The loans given to the members are also done in a transparent manner with members clearly not favouring one member over the other.

5. Community Engagements

There was no community engagement during the year under review.

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

9. Statement Of Management's Responsibilities

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

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Nyamira County Assembly Mortgage and Car Loan Scheme Fund regulations). 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 30th June, 2022, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 27th September, 2022 and signed on its behalf by:

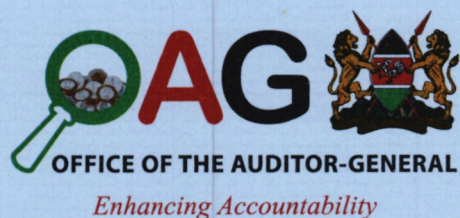


Duke Onyari

Fund Administrator

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Nyamira County Assembly Car and Mortgage Loan Scheme Fund set out on pages 18 to 42, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial

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

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

Basis for Qualified Opinion

1. Overdue Current Portion of Long-Term Receivables

As reported in the previous year, the statement of financial position as at 30 June, 2022 reflects a balance of Kshs.16,303,344 in respect of current portion of long-term receivables from exchange transactions which includes Kshs.10,988,033 in respect of non-performing loans which further include an amount of Kshs.10,734,329 owed by one former Member of the County Assembly and three deceased staff. Review of the loans records revealed that the loans were not secured with a charge on the securities and the recovery of the amounts owed appears to be uncertain.

In the circumstances, the recoverability of the current portion of long-term receivables from exchange transactions amount of Kshs.10,734,329 as at 30 June, 2022 could not be ascertained.

2. Outstanding Remittances by Nyamira County Executive

Included in the current portion of long-term receivables from exchange transactions balance of Kshs.16,303,344 is an amount of Kshs.5,315,311 relating to monthly payroll deductions made by the County Executive, and which had not been received by the Fund as at 30 June, 2022. No plausible explanation was provided by the Management for delay in receiving the amount from the County Executive.

In the circumstances, the recoverability of the current portion of long-term receivables from exchange transactions amount of Kshs.5,315,311 as at 30 June, 2022 could not be ascertained

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actuals reflects total income budget of Kshs.6,065,000 against actual receipts of Kshs.6,254,160 resulting to an excess revenue of Kshs.189,160. The statement also reflects expenditure budget of Kshs.3,136,520 against an actual expenditure of Kshs.1,591,622 resulting overall under expenditure Kshs.1,544,898 or 49% of the budget.

There is need for the Management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Nyamira County.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Register Charges on Mortgage Securities

The long-term loan repayments due totalling to Kshs.174,870,068 disclosed in Note 7 to the financial statements includes mortgage amount of Kshs.171,452,145 which was not secured with registered charges on the acquired assets. This is contrary to Regulation 16(1) of the Public Finance Management (Nyamira County Assembly Mortgage Fund) Regulations, 2019, which requires the County Assembly Service Board to have a charge registered on the property financed through a loan granted and its name entered in all documents of title for such property.

In addition, included in the long-term loan repayments due totalling Kshs.174,870,068 is car loan amount of Kshs.3,417,923 whose log books of the vehicles were not jointly registered in line with the requirement of Regulation 9(2) of the Public Finance Management (Nyamira County Assembly Car Loan Scheme Fund Regulations, 2019) which provides that the log book of a vehicle subject to a loan from the Fund shall be issued jointly between the Board and the member of the scheme and shall be kept in custody of the officer administering the Fund until the loan is repaid in full by the member of the scheme.

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

2. Failure to Value Motor Vehicles for the Car Loans

Out of the long-term loan repayments due totalling Kshs.174,870,068, the Board had issued car loans totalling Kshs.3,417,923 to a staff member, without obtaining the valuation reports of the vehicles purchased. This is contrary to the provisions of Regulation 10(2) of the Public Finance Management (Nyamira County Assembly Car Loan Scheme Fund) Regulations, 2019, which requires the value of a new vehicle to be as quoted from the invoice of the supplier whereas the value of a used vehicle to be determined by the report from Automobile Association of Kenya (AAK), or the Government Department dealing with such matters or any such valuer approved by the Board.

Therefore, it was not possible to ascertain the actual values of the motor vehicles which were financed and Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 March, 2023

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

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021/2022	2020/2021
		KShs	KShs
Revenue from exchange transactions			
Interest income	2	6,254,160	7,506,862
Total revenue		6,254,160	7,506,862
Expenses			
Fund administration expenses	3	1,575,900	4,697,900
General expenses	4	15,722	64,204
Total expenses		1,591,622	4,762,104
Surplus for the period		4,662,538	2,744,758

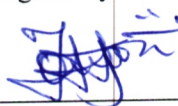
The notes set out on pages 38 and 39 form an integral part of these Financial Statements.

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

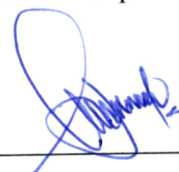
13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	5	51,048,429	9,868,809
Current portion of long- term receivables from exchange transactions	6	16,303,344	16,049,640
Total Current Assets		67,351,773	25,918,449
Non-current assets			
Long term receivables from exchange transactions	7	174,870,068	211,640,854
		174,870,068	211,640,854
Total Assets		242,221,841	237,559,303
Liabilities			
Revolving Fund		228,000,000	228,000,000
Accumulated surplus		14,221,841	9,559,303
Total net assets and liabilities		242,221,841	237,559,303

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27th September, 2022 and signed by:



Administrator of the Fund
Duke Onyari



Fund Accountant
CPA. Leonard Nyamasege
ICPAK Member No: 10008

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

13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2020	294,000,000	6,814,545	300,814,545
Surplus for the period	-	2,744,758	2,744,758
Funds received during the year	10,000,000	-	10,000,000
Car grants	(76,000,000)	-	(76,000,000)
Balance as at 30 June 2021	228,000,000	9,559,303	237,559,303
Balance as at 1 July 2021	228,000,000	9,559,303	237,559,303
Surplus for the period	-	4,662,538	4,662,538
Balance as at 30 June 2022	228,000,000	14,221,841	242,221,841

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

13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	-	10,000,000
Interest received	2	6,254,160	7,506,862
Total Receipts		6,254,160	17,506,862
Payments			
Fund administration expenses	3	1,575,900	4,697,900
General expenses	4	15,722	64,204
Total Payments		1,591,622	4,762,104
Net cash flows from operating activities		4,662,538	12,744,758
Cash flows from investing activities			
Proceeds from loan principal repayments		36,770,786	66,997,145
Loan disbursements paid out		(253,704)	(96,164,000)
Net cash flows used in investing activities		36,517,082	(29,166,855)
Cash flows from financing activities			
Proceeds from revolving fund receipts			-
Additional borrowings			-
Repayment of borrowings			-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents		41,179,620	(16,422,097)
Cash and cash equivalents at 1 JULY		9,868,809	26,290,906
Cash and cash equivalents at 30 June 2022		51,048,429	9,868,809

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	
Revenue					
Public contributions and donations	-	-	-	-	
Transfers from County Govt.	-	-	-	-	
Interest income	6,065,000	-	6,065,000	6,254,160	103%
Other income	-	-	-	-	
Total income	6,065,000	-	6,065,000	6,254,160	103%
Expenses					
Fund administration expenses	3,100,000	-	3,100,000	1,575,900	51%
General expenses	36,520	-	36,520	15,722	43%
Total expenditure	3,136,520	-	3,136,520	1,591,622	51%
Surplus for the period	2,928,480	-	2,928,480	4,662,538	

Budget notes

- Fund administration expenses utilized 51% and hence saving 49% to revolving fund.*
- General expenses utilized 43% and hence saving 57% to the revolving fund*
- Interest income recorded 3% increase as compared to the budgeted amounts.*

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Nyamira County Assembly Car and Mortgage Loan Scheme entity is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the County Government of Nyamira and is domiciled in Kenya. The entity’s principal activity is to provide loan scheme to members.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

Standard	Effective date and impact:
	<p>reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an</p>

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

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

(iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 02nd July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 20 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

Summary Of Significant Accounting Policies (Continued)

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

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

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

Summary Of Significant Accounting Policies (Continued)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

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

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

Contingent liabilities

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

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

g) Foreign currency transactions

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

h) Borrowing costs

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

i) Related parties

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

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act 2012 and operationalized vide Nyamira County Gazette Supplement No.2 of 21st March 2014. Its ultimate parent is the County Government of Nyamira.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

11. Notes To the Financial Statements

1. Transfers from County Government

Description	2021/2022	2020/2021
	KShs	KShs
Transfers from County Govt. – operations	-	10,000,000
Payments by County on behalf of the entity	-	-
Total	-	10,000,000

2. Interest income

Description	2021/2022	2020/2021
	KShs	KShs
Interest income from Mortgage loans	5,722,662	6,635,789
Interest income from car loans	160,872	662,135
Interest income Accrued	370,626	208,938
Total interest income	6,254,160	7,506,862

3. Fund administration expenses

Description	2021/2022	2020/2021
	KShs	KShs
Sitting Allowances	629,000	2,234,000
Travelling costs	946,900	2,463,900
Professional services costs	-	-
Total	1,575,900	4,697,900

4. General expenses

Description	2021/2022	2020/2021
	KShs	KShs
Bank Charges	15,722	64,204
Hospitality	-	-
Total	15,722	64,204

Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial statements for the year ended June 30,2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Cash and cash equivalents

Description	2021/2022	2020/2021
	KShs	KShs
Nyamira County Assembly Mortgage & Car loan account	51,048,429	9,868,809
Total cash and cash equivalents	51,048,429	9,868,809

6. Current Portion of Long-term Receivables from exchange transactions

Description	2021/2022	2020/2021
	KShs	KShs
Current Receivables		
Non-Performing Loans	10,988,033	10,734,329
Amounts owed by County Executive	5,315,311	5,315,311
Less: impairment allowance	(-)	(-)
Total Current receivables	16,303,344	16,049,640

7. Long-term Receivables from exchange transactions

	2021/2022	2020/2021
	KShs	KShs
Long term loan repayment due	174,870,068	211,640,854
Total	174,870,068	211,640,854

8. Cash generated from operations

	2021/2022	2020/2021
	KShs	KShs
Surplus for the year before tax	4,662,538	12,744,758
Adjusted for:		
Interest income	(6,254,160)	(7,506,862)
Finance cost	15,722	64,204
Working Capital adjustments		
Increase in receivables	1,575,900	5,173,692
Net cash flow from operating activities	4,662,538	12,744,758

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. 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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

b) Related party transactions

	2021/2022	2020/2021
	KShs	KShs
Transfers from related parties'		10,000,000
Transfers to related parties	-	-

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

**12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Failure to Register charge on property	The Management is on the process of registering charge on all the loans issued.	Not Resolved	December, 2022
2.	Unvalued securities	The Management is in the process of valuing the cars of all the members.	Not Resolved	December, 2022
3.	Fund objectives	The Management has embarked on doing progress reports on quarterly basis	Not Resolved	December, 2022
4.	Loan Application Documents	Loans applications are since accompanied by all the necessary documentation	Resolved	
1.	Non-performing Loans	The Management is on the process of following up all	Not Resolved	December, 2022

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		the Non- performing loans to ensure they are paid up		