

REPUBLIC OF KENYA



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REPORT

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**NAROK COUNTY ASSEMBLY CAR LOANS,
GRANTS AND MORTGAGE SCHEME FUND**

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



NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND

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

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

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management: The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2021. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya.

The fund's objective is to facilitate the acquisition of car loans and mortgage schemes for Members of the County Assembly and staff of the Narok County Assembly to motivate them and retain the requisite services for the County Assembly Public Service.

The Fund's principal activity is to provide avenue through which Members of the County Assembly and staff would easily and affordably acquire properties thereby transforming their livelihoods. This would improve the members and staff motivation and retention for better service delivery to the people of Narok.

b) Principal Activities

The principal activity of the Fund is to provide car loans and mortgages to Members of County Assembly and Staff at affordable interest rate of 3%.

The mission of the Fund is to ensure its members have a consistent flow of funds to enable them undertake the activities mentioned above.

c) Car Loans, and Mortgages Management Committee

Ref	Position	Name
1	Chairman of the Committee	Hon. Isaac Salau Dapash
2	Vice Chair of the Committee	Hon. Susana Kutingala
3	Member	Hon. Henry Titimet Siololo
4	Member	Hon. Alice Kering
4	Clerk Assembly / Fund Administrator	Mr. Joseph Kasaine Lengeny

d) Key Management Steam

Ref	Position	Name
1	Fund Administrator	Mr. Joseph Kasaine Lengeny
2	Fund Accountant	CPA Peter Shakamae Tianta
3	Fund Secretary	Mr. Gideon Langat

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The Key management Personnel who held office during the financial period ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Fund Administrator	Mr. Joseph Kasaine Lengeny
2	Fund Accountant	CPA Peter Shakamae Tianta
3	Fund Secretary	Mr. Gideon Langat

f) Registered Offices

P.O. Box 19-20500
 Narok County Assembly Building/House
 Mau-Narok Road
 Narok, KENYA

g) Fund Contacts

Telephone: (254) 02068889
 E-mail: info@narokassembly.go.ke
 Website: www.narokassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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City Square 00200
Nairobi, Kenya

2. Access Bank PLC
P.O BOX 852-20500
Narok-KENYA
Narok Branch
3. Diamond Trust Bank
P.O BOX 1265-20500
Narok-KENYA
Narok Branch

Key Entity Information and Management (Continued)

i) Independent Auditors

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



j) Principal Legal Adviser

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




k) County Attorney

P.O. Box 898-20500
Narok County Headquarters Building
Mau-Narok Road
Narok, KENYA



3. Car Loans and Mortgages Management Committee

NAME	POSITION	QUALIFICATIONS
 <p>Hon. Isaac Salau Dapash</p>	<p>Committee Chairman</p>	<p>Born in 1985, Hon Isaac is the Deputy Speaker of the Narok County Assembly since September 2022. He holds a bachelor of nursing and has over 10 years' experience both in the public and private sector.</p> <p>He is a staunch legislator with keen interest in oversight legislation. He is the chairperson of the Narok County Assembly Car Loans and Mortgages Scheme Fund Management Committee.</p>
 <p>Hon. Susana Kutingala</p>	<p>Committee Vice Chair</p>	<p>Born in 1984, she has been a big player in the NGO world where she rose to the management level and a champion of community development. She has been a member of Narok County Assembly for two consecutive terms.</p> <p>Hon. Susan is the vice chairperson of the Narok County Assembly Car Loans and Mortgages Scheme Management Committee.</p>

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 <p>Hon. Henry Titimet Siololo</p>	<p>Committee Member</p>	<p>Born in 1988, Hon Titimet is a seasoned youth leader who has been critical in championing youth matters across the county. He was first elected member of Narok County Assembly in 2013 and thereafter in 2022.</p> <p>He has over 10 years' experience in community work and environmental management. He is a member of the Narok County Assembly Car Loans and Mortgage Scheme Committee.</p>
 <p>Hon. Alice Kering</p>	<p>Committee Member</p>	<p>Born in 1963, she is a longtime social worker whose contribution in human rights championing and girl child empowerment is unmatched. She has over 20 years' experience in society mobilization towards dignified living standards through information, education and political democracy.</p> <p>She is a member of the Narok County Assembly Car Loans and Mortgages Scheme Management Committee.</p>
 <p>Mr. Joseph Kasaine Lengeny</p>	<p>Fund Administrator</p>	<p>Born in 1987, Mr. Joseph Kasaine Lengeny is the Clerk of the Narok County Assembly charged with full responsibility of administering the Fund. Mr. Lengeny holds a Master's degree in Business Administration, Bachelor's Degree in Human Resource Management and CPA IV with working experience of 14 years in the banking industry as well as the public sector.</p>

4. Management Team

NAME	POSITION	QUALIFICATIONS
 <p>Mr. Joseph Kasaine Lengeny</p>	<p>Fund Administrator</p>	<p>Born in 1987, Mr. Joseph Kasaine Lengeny is the Clerk of the Narok County Assembly charged with full responsibility of administering the Fund.</p> <p>Mr. Lengeny holds a Master's degree in Business Administration, Bachelor's Degree in Human Resource Management and CPA IV with working experience of 14 years in the banking industry as well as the public sector.</p>
 <p>CPA Peter Shakamae Tianta</p>	<p>Fund Accountant</p>	<p>Born in 1974, CPA Peter Shakamae Tianta is the Principal Finance officer of Narok County Assembly in charge of preparation of books of accounts.</p> <p>CPA Peter Shakamae Tianta holds a Bachelor's Degree in Finance and Accounts option, and is a Member of ICPAK. He is also a Certified Internal Auditor and a member of Institute of Internal Auditors of Kenya (IIA) with working experience of 24years in the public sector.</p> <p>At the Fund level, he is responsible for keeping all books of accounts and preparation of the annual report and financial statements of the fund.</p>



Mr. Gideon Langat

**Fund
Secretary**

Born in 1989, Mr. Gideon Langat is the Narok County Assembly Principal Human Resource Management Officer in charge of the Fund's records. He holds a Bachelor's Degree in Human Resource Management and CHRP (K) with working experience of 11 years in the public sector. At the Fund management committee level, he is the Secretary to the fund.

5. Fund Management Committee Chairperson's Report

Narok County Assembly Car Loans and Mortgages Scheme fund was established through approval of the County Assembly. The fund derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund Scheme fund Regulations 2021.

The fund was established as a revolving fund with the initial capital consisting of the monies appropriated by the County Assembly in the FY 2014/15 amounting to Kshs. 20 Million to operate as a revolving fund with an annual increase from the Assembly's budget based on anticipated credit needs projections, funds available as well as repayments from the beneficiaries.

During the financial year 2022/2023, the fund prepared the budget in accordance with section 135 of the Public Finance Management Act 2012 and later submitted to the County Assembly for considerations and approval. The budget was approved paving way for expenditure. The fund received an allocation Kshs. 235,000,000 in the budget which was not altered in the supplementary budget. The Narok County Assembly Car Loans and Mortgages Scheme fund has grown from a revolving fund of Kshs.20 Million in the FY 2014/2015 to a revolving fund with net value of Kshs.267,900,000 as at 30th June 2023.

In the financial year 2022/2023, Narok County Assembly Car Loans and Mortgages Scheme fund implemented the Salaries and Remuneration Commission's guidelines in issuance of car grants to Members of the County Assembly and as a result, a total of Kshs.84,920,000 was disbursed as car reimbursement thereby reducing the revolving fund by the same amount. Further, the Fund disbursed a total of Kshs.3,500,000 to Members of the County Assembly and staff resulting to a decrease in receivables from exchange transactions from Kshs. 100,411,344 in the previous year to Kshs.74,040,940 as at 30th June 2023. We are confident that the growth will be maintained into the future.

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Name: Isack S. Dapac Signature:  Date: 1/12/2023

Chairperson of the Fund

6. Report of the Fund Administrator

In the Financial Year 2022/2023, the revolving Fund increased from Kshs. 151,000,000 in the previous year to Kshs. 267,900,000. In addition, the fund implemented the recommendations/guidelines of the Salaries and Remuneration Commission referenced SRC/TS/COG/3/48/VOL.II (113) of 9 February 2021 on review of the car loan for the speaker and Members of County Assembly.

In the Financial year, the Management disbursed new loans valued at 3,500,000 as compared to Kshs.15,950,000 in the previous year representing a decline of 78%. The interest earned on loans issued decreased by Kshs.1,366,742 from Kshs.3,389,230 in 2022 to Kshs.2,022,488 in 2023. At the close of the year, the Fund had outstanding loans valued at Kshs.74,040,940 and Kshs.314,681,094 cash balance.

In administration of the fund, the main challenge is low budgetary allocation compared to the high number of Members of County Assembly and staff who are in dire need of the mortgage. However, the management of the fund has tried to work with the funds available and has developed a list of all pending applicants. The management has also put controls in place to ensure sequential disbursements on a 'first come – first beneficiary' basis. Going forward, there is need to enhance the allocation of the fund to attract a large number of beneficiaries.

It is the responsibility of the fund administrator to ensure that the fund is well managed and the funds advanced are properly accounted for.

Finally, we are confident that the fund will sustain the impressive performance in the foreseeable future which is prerequisite in meeting its goals and objectives of providing affordable loan products to the Members of the County Assembly and staff.

Signed: _____



Joseph Kasaine Lengeny

Fund Administrator.

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

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of Narok County Assembly Car Loans, Grants and Mortgages Scheme Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board which includes a statement of the Narok County Assembly Car Loans and Mortgages Scheme Fund’s performance against predetermined objectives.

The key development objectives of the Narok County Assembly Car Loans and Mortgages Scheme fund 2022/2023 plan is to:

- Facilitate the acquisition of car loans and mortgage facilities for staff and Members of the County Assembly to motivate them and retain the requisite services for the County Assembly’s Public Service.

Progress on the attainment of Strategic development objectives

below we provide the progress on attaining the stated objectives:

1. County Assembly Members’ Car Loan	To facilitate members of the County Assembly acquire personal motor vehicles for ease of movement.	Car loans of two million shillings to all the 49 MCAs and the speaker.	Number of members issued with loans	During the year under review, all the members were issued with car reimbursement amounting to Kshs.84,920,000 on recommendation by the Salaries and Remuneration Commission vide Circular referenced SRC/TS/COG/3/48/VOL. II(113) dated 9 February 2021.
2. Members of County Assembly and Staff Mortgages	To facilitate members of the County Assembly and staff with funds to purchase,	Mortgage Ksh. 3,000,000 disbursement to all the eligible Members of County	Number of members and staff facilitated to acquire residential property.	All the members are repaying their car loans and Mortgages amounting to Kshs.5 million.

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	Construct or renovate residential property.	Assembly and staff.		Over twenty (20) members of staff already issued with mortgage funds as at 30 June 2023.
3. Collection of loan principal and interest repayments	To ensure that all the outstanding loan principal and interest are collected by the Fund.	Proceeds from the loan principal and interest repayments	The amount of proceeds collected in Comparison to the expected proceeds.	During the year ending 30 June 2023, the Fund collected a total of Kshs.27,648,552 and Kshs. 2,022,488 in form of principal repayments and interest earned respectively.

8. Corporate Governance Statement

The members of Narok Assembly Loans and Mortgages Committee are as listed on pages viii – ix of this report.

• Committee meetings held and those in-attendance

During the financial year 2022/2023, the members of Car Loans and Mortgages management Committee held 4 meetings with one (1) meeting held quarterly. In all the four meetings, all the committee members attended.

• Roles and Functions of the Car Loans and Mortgages Management Committee

Narok County Assembly Car Loans, Grants and Mortgages Scheme fund was established through approval of the County Assembly. The funds derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund Regulations 2021. The roles and functions of the Committee are as stipulated in the Regulations and include general administration and management of the fund including:

- a) Making recommendations with respect to the conditions under which a loan and or a mortgage shall be granted or repaid under these regulations;
- b) Setting out the criteria and conditions governing the granting of loans and mortgages;
- c) Receiving and processing applications for the granting of loans and mortgages to Members of County Assembly subject to the provisions of any agreement relating to the provision of the loan and or mortgage;
- d) Formulating sound policies for regulating the management of the fund;
- e) To raise and solicit for funds and other assistance to promote the fund;
- f) To perform and exercise all other functions and powers conferred on the Committee by these Regulations.

• Conflict of Interest

To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare any conflict of interest. The management has designed a standard form to establish existence of any conflict of interest in conduct of the fund Committee's businesses. Where applicable, circumstances which may impair the members' compliance to the documented ethical requirements are disclosed by the respective members and communicated without any delay.

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

During the financial year 2022/2023, no such circumstance was noted or reported.

- **Remuneration of the Car Loans and Mortgages Management Committee**

Members of the Committee are remunerated as per the provisions of the Salaries and Remuneration Commission. The members are therefore only entitled to sitting allowances when meetings are held.

9. Management Discussion and Analysis

During the year the Fund portfolio increased from Kshs. 154,958,789 to Kshs. 264,433,847 representing a 70.65% growth rate. Additional new loans totalling Kshs. 3,500,000 were disbursed as compared to Kshs. 15,950,000 disbursed in the FY 2021/2022 which represents a decline of 78%.

In the financial year under review, the Assembly received Kshs. 235 Million from the Exchequer where the entire amount was transferred to the Narok County Assembly Car Loans and Mortgages Scheme fund on 1st July 2022. Interest Income earned from loans decreased from Kshs. 3,389,230 in the Financial Year 2021/2022 to Kshs. 2,022,488 in the FY2022/2023. In conclusion the fund has registered some growth in net worth from Kshs. 20 Million in the first year of operation to Kshs 267.9 Million in the year under review.

As at 30th June, 2023, long term receivables from loans disbursed stood at Kshs. 66,789,828 against Kshs. 94,361,570 for the year ended 30th June 2022.

10. Environmental and Sustainability Reporting

Narok County Assembly Car Loans and Mortgages Scheme Fund exists to motivate staff to reduce rate of staff turnover thus retaining skills in the labour force. Also, by offering loans at subsidized rates, it reduces strain for staff when taking up projects for personal development. Key factors on which the disbursement of the loans is anchored to:

1. Sustainability strategy and profile -

The Revolving Fund sustainability is assured through the existence of Fund Managers/Administrators – Access Bank who ensure that the loans taken up by staff act as collaterals whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the 1/3rd rule. A proportion of the Income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

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

4. Market place practices-

- Supply chain and supplier relations is essential for promoting ethical, sustainable, and accountable procurement practices. A responsible supply chain approach ensures that the assembly's purchases and supplier relations align with its commitment to good governance, transparency, and corporate social responsibility.
- Ethical practices involve upholding high standards of integrity, transparency, and accountability in all procurement and business activities. These practices are critical for foresting trust among stakeholders, preventing corruption, and ensuring that public resources are used responsibly.
- Stewardship of goods and services involve managing public resources efficiently, effectively, and transparently to ensure that the needs of the community are met while upholding principles of accountability, responsibility and ethical conduct.

5. Corporate Social Responsibility / Community Engagements

The Budget and Appropriations Committee provides guidance in the budgetary process. It is charged with the budget process and ensuring that there is public participation in the budget process.

11. Report of the Narok County Assembly Car Loans and Mortgages Scheme Fund Management Committee

Narok County Assembly Car Loans and Mortgages Management Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to grant car loans and mortgage loans to Members and staff of Narok County Assembly.

Results

Results of the Fund for the year ended June 30, 2023, are set out on pages 1– 48.

Trustees

The members of the Management Committee who served during the year are shown on pages x- xi. There were changes in the Committee during the financial year under review.

Auditors

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

By Order of the Board



.....
Hon. Isaac Salau Dapash

Chair of the Fund Management Committee

Date..... 1/12/2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Narok County Assembly Car Loans and Mortgages Scheme fund established by Section 116 of the PFM Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme fund 2021 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 Narok County Assembly Car Loans and Mortgages 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 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of 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 Narok County Assembly Car Loans and Mortgages Scheme 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 30, 2023, and of the fund's financial position as at that date.


The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of 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 Narok County Assembly Car Loans and Mortgages Scheme fund has assessed the fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. 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 1/12 2023 and signed on its behalf by:

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

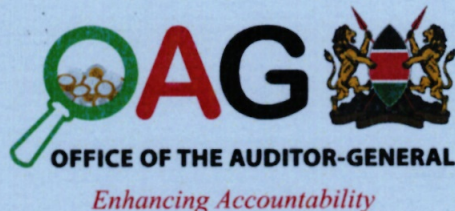


.....
Joseph Kasaine Lengeny

Administrator of the Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAROK COUNTY ASSEMBLY CAR LOANS, GRANTS AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, 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 Narok County Assembly Car Loans, Grants and Mortgage Fund set out on pages 1 to 48 which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance,

Report of the Auditor-General on Narok County Assembly Car Loans, Grants and Mortgage Scheme Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Narok County Assembly Car Loans, Grants and Mortgage Scheme Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Narok County Assembly Car Loans, Grants and Mortgage Scheme Fund Regulations, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Financial Statements

1.1. Total Expenditure

The statement of financial performance reflects total expenses of Kshs.127,547,430 that differed with the recomputed amount of Kshs.127,494,616 resulting to unreconciled variance of Kshs.52,814. The statement also reflects interest income of Kshs.2,022,488 whereas the statement of cash flows reflects a balance of Kshs.855,110 in respect to interest income resulting to unreconciled variance of Kshs.1,167,373.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2023.

1.2. Current Portion of Long-term Receivable from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.7,251,112. However, the movement schedule provided for audit does not indicate opening balance brought forward, loans issued, interest charged and loan repayments to arrive at the closing balance.

Additionally, the previous year's comparative balances for current portion of long-term receivables from exchange transactions is Kshs.2,660,544 whereas the supporting Note 13 reflects Kshs.6,049,774. The variance of Kshs.3,389,230 has not been explained.

In the circumstances, the accuracy and completeness of the current year and the previous year portion of long-term receivables from exchange transactions balances could not be confirmed.

1.3. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.66,789,828. However, the movement schedule provided for audit does not indicate opening balance brought forward, loans issued, interest charged and loan repayments to arrive at the closing balance.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transactions balance of Kshs.66,789,828 as at 30 June, 2023 could not be confirmed.

2. Unsupported Use of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.119,207,042. The amount includes Kshs.1,100,000 incurred on administration expenses out of which Kshs.736,000 comprised of transport, conference and payments to loan management committee non-members of Kshs.100,000, Kshs.200,000 and Kshs.436,000 respectively for which supporting documents were not provided for audit review.

In the circumstances, the accuracy and the propriety of use of goods and services expenditure of Kshs.736,000 for the year ended 30 June, 2023 could not be confirmed.

3. Non-Performing Loans

The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balance of Kshs.7,251,112 and Kshs.66,789,828 all amounting to Kshs.74,040,940. The balance includes loans of Kshs.27,810,128 issued to thirteen (13) former Members of the County Assembly that are in default. However, there is no evidence of efforts being taken by the Loan Management Committee through administrative or legal action to recover the debts in full.

In the circumstances, the recoverability of the loan balance of Kshs.27,810,128 due from the previous Members of the County Assembly is doubtful.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Narok County Assembly Car Grants 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.

Key Audit Matters

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget and actual revenue on comparable basis of Kshs.331,745,757 and Kshs.237,022,488 respectively, resulting to underfunding of Kshs.94,723,269 or 29% of the budget. Similarly, the statement reflects total expenditure budget and actual expenditure on comparable basis of Kshs.331,745,757 and Kshs.244,447,430 respectively resulting to under expenditure of Kshs.87,298,327 or 26%.

In the circumstances, the underfunding may have negatively affected the fund's operations during the year under review.

My opinion is unmodified in respect of this matter.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unguaranteed Loan

The statement of financial position reflects current portion of borrowings balance of Kshs.91,108,186. However, the borrowings were not guaranteed by National Government contrary to the provisions of Regulation 77(3) of the Public Finance Management (County Governments) Regulations 2015 that requires any borrowing by a County Government shall require National Government guarantee.

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

2. Irregular Issuance of Loans to County Assembly Staff

The statement of financial position reflects current and long-term portions of long-term receivables from exchange transactions balances of Kshs.7,251,112 and Kshs.66,789,828 all totalling to Kshs.74,040,940. However, the balance includes loans issued to County Assembly Staff who are not authorized beneficiaries as per the Fund Regulations.

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

3. Use of Incorrect Name for the Fund

The financial statements for the year under review refer to the name of the Fund as Narok County Assembly Car Loans and Mortgage Scheme Fund. However, this is contrary to Section 3 of the Public Finance Management (Narok County Assembly Car Loans, Grants and Mortgages Scheme Fund) Regulations, 2021 which provides that there is established a Fund to be known as the County Assembly Car Loans, Grants and Mortgages Fund.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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

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 controls as the 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, the 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 the Management is aware of the intention to cease operations.

The 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, the 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

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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


22 February, 2024


NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	FY 2022-2023	
		KSh	KSh
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	118,100,000	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	2,022,488	3,389,230
Other Income	5	-	-
		2,022,488	3,389,230
Total Revenue		120,122,488	3,389,230
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	119,207,042	1,033,600
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	8,287,574	-
Total Expenses		127,547,430	1,033,600
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(7,424,942)	2,355,630

(The notes set out on pages 22 to 42 form an integral part of these Financial Statements)


 Name: Joseph Kasaine Lengeny
 Administrator of the Fund


 Name: CPA Peter Shakamae Tianta
 Fund Accountant
 ICPAK Member Number: 21251

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	314,681,094	57,936,675
Current Portion of Long- Term Receivables From Exchange Transactions	13	7,251,112	2,660,544
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		321,932,205	60,597,219
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	66,789,828	94,361,570
Investment Property	19	-	-
Total non- current assets		66,789,828	94,361,570
Total Assets		388,722,034	154,958,789
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	33,180,000	-
Current Portion of Borrowings	21	91,108,186	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		124,288,186	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		124,288,186	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	LY 2022-2023	LY 2021-2022
		Kshs.	Kshs.
Net Assets		264,433,847	154,958,789
Revolving Fund		267,900,000	151,000,000
Reserves		-	-
Accumulated Surplus		(3,466,153)	3,958,789
Total Net Assets and Liabilities		264,433,847	154,958,789

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 1/12/ 2023 and signed by:



.....
Name: Joseph Kasaine Lengeny
Administrator of the Fund



.....
Name: CPA Peter Shakamae Tianta
Fund Accountant
ICPAK Member Number: 21251

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revenue Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2021	146,800,000	-	1,603,159	148,403,159
Surplus/(Deficit) For the Period	-	-	2,355,630	2,355,630
Funds Received During the Year	60,000,000	-		60,000,000
Car Grants to MCAS	(55,800,000)		-	(55,800,000)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	151,000,000	-	3,958,789	154,958,789
Balance As At 1 July 2022	151,000,000	-	3,958,789	154,958,789
Surplus/(Deficit) For the Period		-	(7,424,942)	(7,424,942)
Funds Received During the Year	116,900,000	-	-	116,900,000
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	267,900,000	-	(3,466,153)	264,433,847

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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

	2022-2023	2021-2022
	KSh	KSh
Cash flows from operating activities		
Receipts		
Public contributions and donations	-	-
Transfers from the county government	118,100,000	-
Interest received	855,110	3,389,230
Receipts from other operating activities	-	-
Total receipts	118,955,110	3,389,230
Payments		
Fund administration expenses	1,159,856	1,033,600
General expenses	-	-
Finance cost	8,287,574	-
Other payments	-	-
Net cash flows from operating activities	109,507,680	2,355,630
Cash flows from investing activities		
Purchase of property, plant, equipment and Intangible assets	(-)	(-)
Proceeds from sale of property, plant & equipment	-	-
Proceeds from loan principal repayments	27,648,552	61,851,356
Loan disbursements paid out	(3,500,000)	(15,950,000)
Net cash flows used in investing activities	24,148,552	45,901,356
Cash flows from financing activities		
Proceeds from revolving fund receipts	116,900,000	60,000,000
Additional borrowings		-
Car Grants to MCAS		(55,800,000)
Car Reimbursement to MCAS	(84,920,000)	-
Borrowings	108,388,000	
Repayment of borrowings	(17,279,814)	(-)
Net cash flows used in financing activities	123,088,186	4,200,000
Net increase/(decrease) in cash & cash Equivalents	256,744,419	52,456,986
Cash and cash equivalents at 1 July 2022	57,936,675	5,479,689

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Cash and cash equivalents at 30 June 2023		314,681,094	57,936,675
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NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual Amounts for the Period

	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	35,999,999	290,745,758	326,745,757	235,000,000	91,745,757	72%
Interest Income	5,000,000	-	5,000,000	2,022,488	2,977,512	40%
Other Income	-	-	-	-	-	
Total Income	40,999,999	290,745,758	331,745,757	237,022,488	94,723,269	71%
Expenses						
Capital expenditure	40,999,999	162,245,758	203,245,757	116,900,000	86,345,757	58%
Fund Administration Expenses		120,000,000	120,000,000	119,259,856	740,114	99%
General Expenses	-	-	-	-	-	-
Finance Cost	-	8,500,000	8,500,000	8,287,574	212,426	98%
Total Expenditure	40,999,999	290,745,758	331,745,757	244,447,430	87,298,327	74%
Surplus For the Period	-	-	-	(7,424,942)	7,424,942	

19. Notes to the Financial Statements

1. General Information

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2021. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya.

The Fund's objective is to facilitate the acquisition of a car or property for Members of the County Assembly and staff of the Narok County Assembly to motivate them and retain the requisite services for the County Assembly Public Service.

The Fund's principal activity is to provide avenue through which Members of the County Assembly and staff would easily and affordably acquire properties thereby transforming their livelihoods. This would improve the members and staff motivation and retention for better service delivery to the people of Narok.

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 30 June 2023

**NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023**

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

**NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective Date and Impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<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>

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact

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

Standard	Effective date and impact
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</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>Applicable 1st January 2025</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 the financial year 2023.

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.

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 18th May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 290,745,758 on the FY 2022-2023 budget following the governing body's approval.

The Narok County Assembly Car Loans and Mortgages Scheme 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

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund's Regulations, 2021. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya.

The Fund's objective is to facilitate the acquisition of a car or property for Members of the County Assembly and staff of the Narok County Assembly to motivate them and retain the requisite services for the County Assembly Public Service.

The Fund's principal activity is to provide avenue through which Members of the County Assembly and staff would easily and affordably acquire properties thereby transforming their livelihoods. This would improve the members and staff motivation and retention for better service delivery to the people of Narok.

Summary of Significant Accounting Policies (Continued)

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

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

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Narok County Assembly Car Loans and Mortgages Scheme Fund's 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 entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the 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.

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Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

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 entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in the Notes.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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.

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Summary of Significant Accounting Policies (Continued)

j) 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's 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.

k) Nature and purpose of reserves

The Narok County Assembly Car Loans and Mortgages Scheme Fund creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The Narok County Assembly Car Loans and Mortgages Scheme 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.

m) Employee benefits – Retirement benefit plans

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

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

The fund 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 Narok County Assembly Car Loans and Mortgages Scheme Fund or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

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.

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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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.

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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6. Notes to the Financial Statements

1. Public contributions and donations

Description	FY 2022-2023	FY 2021-2022
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022-2023	FY 2021-2022
Transfers From County Govt. –Operations	118,100,000	-
Transfers From County Govt. –Revolving fund	116,900,000	-
Unconditional Development grants	-	-
Total	235,000,000	-

- Transfers from County Govt – Operations- Affecting Funds Operations
- Transfers from County Govt – Revolving fund- Affecting Changes in Net Assets

3. Fines, penalties and other levies

Description	FY 2022-2023	FY 2021-2022
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022-2023	FY 2021-2022
Interest Income from Mortgage Loans	2,022,488	3,389,230
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-

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Interest Income On Bank Deposits	-	-
Total Interest Income	2,022,488	3,389,230

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	1,100,000	1,031,800
Committee Allowances	-	-
Bank Charges	59,856	1,800

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Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other Expenses-Car Reimbursement	118,100,000	-
Social benefit expenses		
Total	119,259,856	1,033,600

8. Depreciation and Amortization Expense

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	8,287,574	-
Total	8,287,574	-

10. Gain/(loss) on disposal of assets

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs

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Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

	FY 2022-2023	FY 2021-2022
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

	FY 2022-2023	FY 2021-2022
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	314,681,094	57,936,675
Others	-	-
Total Cash And Cash Equivalents	314,681,094	57,936,675

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements Continued

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

Financial Institutions	Account Number	FY 2021-2022	FY 2021-2022
		Ksh.	Ksh.
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Access Bank	0160130000006	244,915	57,936,675
Diamond Trust Bank	0847829001	299,358,087	-
Diamond Trust Bank	0847829002	15,078,092	-
Sub- Total		314,681,094	57,936,675
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		314,681,094	57,936,675

13. Receivables from exchange transactions

Description	FY 2021-2022	FY 2021-2022
	Ksh.	Ksh.
Current Receivables		
Interest Receivable	2,188,877	3,389,230
Current Loan Repayments Due	5,062,235	2,660,544
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	7,251,112	6,049,774
Non-Current Receivables		
Long Term Loan Repayments Due	66,789,828	94,361,570
Total Non- Current Receivables	66,789,828	94,361,570
Total Receivables From Exchange Transactions	74,040,940	100,411,344

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
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	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

15. Inventories

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-

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Total Inventories at The Lower of Cost and Net Realizable Value	-	-
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16. Investments in financial assets

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

d) Movement of Equity Investments

Impairment allowance/ provision	FY 2022-2023	FY 2021-2022
	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

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Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor Vehicles	Furniture and fittings	Computer and office equipment	Total
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2022	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements (Continued)

18. Intangible assets

Description	FY 2022-2023	FY 2021-2022
	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	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	33,180,000		-	
Total Trade and Other Payables	33,180,000		-	
Ageing analysis (Trade and other payables)	FY 2022-2023	% of the Total	FY 2021-2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	33,180,000		-	

21. Provisions

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

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Notes to the Financial Statements (Continued)

22. Borrowings

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	108,388,000	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	(17,279,814)	-
Balance At End of The Period	91,108,186	-

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

Description	FY 2022-2023	FY 2021-2022
	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	-	-

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022-2023	FY 2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2022-2023	FY 2021-2022
	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 (tie to totals above)	-	-

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Notes to the Financial Statements (Continued)

25. Cash generated from operations

	FP 2022-2023	FP 2021-2022
	KSh	KSh
Surplus/ (Deficit) For the Year Before Tax	(7,424,942)	2,355,630
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(7,424,942)	2,355,630

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	FY 2022-2023	FY 2021-2022
	KSh	KSh
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

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Other Disclosures Continued

e) Due to related parties

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2022-2023	FY 2021-2022
	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 Narok County Assembly Car and Loans and Mortgages Scheme 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 Narok County Assembly Car and Loans and Mortgages Scheme fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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Notes to the Financial Statements (Continued)

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

The Narok County Assembly Car and Loans and Mortgages Scheme fund has significant concentration of credit risk on amounts due.

The Narok County Assembly Car and Loans and Mortgages Scheme fund management committee sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

Description	At 30 June			
	2023	2022	2021	2020
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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 entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

i. Foreign currency risk

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

The carrying amount of the Narok County Assembly Car and Loans and Mortgages Scheme fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2023: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2022 – Kshs 0).

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Notes to the Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Narok County Assembly Car and Loans and Mortgages Scheme fund's capital structure comprises of the following funds:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	267,900,000	151,000,000
Accumulated surplus	(3,466,153)	3,958,789
Total funds	264,433,847	154,958,789
Total borrowings	-	-
Less: cash and bank balances	(314,681,094)	(57,936,675)
Net debt/(excess cash and cash equivalents)	(50,247,247)	97,022,114
Gearing	19%	63%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Narok County Assembly Car Loans and Mortgages Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and Narok County Assembly Car Loans and Mortgages Scheme Fund Regulations, 2021. The Fund is wholly owned by the County Assembly of Narok and is domiciled in Kenya. Its ultimate parent is the County Government of Narok.

31. Currency

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

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20. Annexes

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

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

Referen ce 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	<p>The statement of financial position reflects revolving Fund opening balance of Kshs.146,800,000 which differs with the opening balance of Kshs.206,800,000 indicated in the audited financial statements for 2021/2022 financial year resulting in a variance of Kshs.60,000,000 which has not been explained or reconciled.</p> <p>In the circumstance, the accuracy of revolving Fund opening balance of Kshs.151,000,000 as at 30 June, 2022 could not be confirmed.</p>	<p>The Statements of Cash flow reflects transfers from the County Government figure of Kshs.60,000,000 as addition to the revolving fund. The amount has been disclosed in the statement of changes in net assets as per the amended financial statement. (Appendix iii Copy of the statement of changes in net assets).</p>	Resolved	2021-2022
2	<p>The statement of financial position reflects long-term receivables from exchange transactions balance of</p>	<p>The Management has reconciled the long-term receivables from exchange transactions figure as reflected in the financial statements figures with the supporting documents as</p>	Resolved	2021-2022

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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)
	<p>Kshs.94,361 ,570. The balance includes loans totaling to Kshs.26,679,252 owed by twelve (12) past Members of the County Assembly. This is contrary to Regulation 12 of the Narok County Assembly Car Loans, Grants and Mortgages Fund Regulations, 2021 which stipulates that Members of the County Assembly Shall repay the car loan and mortgage, at the latest, four months before the end of their legislative term.</p> <p>The Management was in breach of the law and the recoverability of Kshs.26,679,252 due from past Members of the County Assembly is in doubt.</p>	<p>per the amended financial statement. Members of the County Assembly recovered their loans at the end of term as per the attached schedules.(Appendix ii Schedules of Loans Recoveries)</p>		
3	<p>The statement of financial performance reflects interest income of Kshs.2,421 ,035 which is interest earned on loans</p>	<p>It is true that the management have not submitted fringe benefit tax as required by section 12(b) of income tax authority. However, Kenya Revenue Authority</p>	Not Resolved	2023-2024

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	Issue / Observation / Findings	Management comments	Status (Resolved / Not Resolved)	Timeframe (By a date when you expect the issue to be resolved)
	<p>issued to Members of the County Assembly. However, Management has not provided documentary evidence to confirm that the fringe benefit tax was recovered from the members and remitted to Kenya Revenue Authority as stipulated in Section 12B of the Income Tax Act.</p> <p>In this circumstance, Management was in breach of the law.</p>	<p>has recently carried out a comprehensive tax audit and we are awaiting the computed figures to enable us pay the outstanding tax amounts.</p>		
4	<p>The statement of changes in net assets reflects car grants to Members of the County Assembly (MCAs) balance of Kshs.55,800,000. However, the car grants were issued in addition to the existing loan facilities in breach Salaries and Remuneration Commission Circular referenced SRC/TS/COG/3/48/VOL.II(113) which stipulates that the existing car loan be converted to transport facilitation benefit in form of</p>	<p>The loans and mortgages management committee issued ksh. 55,800,000 in form of grants to members of the County Assembly. The Committee has ensured that no member is issued with loans exceeding kshs.5,000,000 as gazetted by the Salaries and remuneration commission.</p> <p>The loans and mortgages management committee has put controls in place to ensure that all outstanding balances at the end of the term of the assembly shall be fully recovered from their salaries or deducted from the respective member's gratuities.</p>	Resolved	2022-2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (By a date when you expect the issue to be resolved)
	car grant and the existing car loan to cease. In this circumstance, Management was in breach of the law.			
5	The statement of comparison of budget and actual amounts reflects a final revenue and expenditure budget of Kshs.4,000,000 and Kshs.1,510,000 respectively resulting in an unbalanced budget. This is contrary to Section 149(2)(h) and (i) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare estimates of expenditure of the entity in conformity with the strategic plan and submit the estimates to the County Executive Committee member for finance. In the circumstances, Management was in breach of the law.	The statement of comparison of budget and actual amounts for Narok county assembly loans and mortgages fund indicates a final revenue budget of kshs.4,000,000 and an expenditure budget of Kshs.1,510,000 as per the amended financial statements and which is supported by way of approval documents by the Loans and Mortgages Management Committee, County Executive Committee member for finance and the County Assembly. Fund's approved budget is available for audit verification. (Appendix iv Attached copy of the Budget)	Resolved	2022-2023
6	During the year under review, the Fund did not have a risk management	The County Assembly acknowledges the audit findings on the need of having a risk management		

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Reference No. in the external audit report	Issue/Description from Auditor	Management comments	Status (Resolved/Not Resolved)	Timeframe (By a date when you expect the issue to be resolved)
	<p>policy or strategy in place. The Fund, therefore, did not have approved processes and guidelines on how to mitigate operational, legal and financial risks. This was contrary to Section 158 of the Public Finance Management (County Government Regulations) 2015. As a result, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure.</p> <p>In the circumstance, the Management is not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.</p>	<p>policy in place. In this regard, the County Assembly has developed a risk management policy in compliance with section 158 of the public finance management Act 2015 to prevent existing risks towards building a safe, resilient and sustainable ecosystem within Narok County Assembly.</p>	Not Resolved	2023-2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Sign 

Joseph Kasaine Lengeny
Fund Administrator

Date..... 1/12/2023

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Annex II: Inter-Fund Confirmation Letter



NAROK COUNTY ASSEMBLY
OFFICE OF THE CLERK

Assembly Building
Mau-Narok Road, Narok Town
P.O Box 19-20500
Narok Kenya.

Tel: +020688889
info@narokassembly.go.ke

Narok County Assembly Car Loans and Mortgages Scheme Fund


The Narok County Assembly Car Loans and Mortgages Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Confirmation of amounts received by Narok County Assembly Car Loans and Mortgages Scheme Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Narok County Assembly Car Loans and Mortgages Scheme Fund (Kshs) as at 30 th June 2023				Amount Received by [Narok County Assembly Car Loans and Mortgages Scheme Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
000INTT230750839	16-MAR-2023	45,000,000			45,000,000	45,000,000	-
000INTT231650645	14-JUNE-2023	28,064,000			28,064,000	28,064,000	-
000INTT231650649	14-JUNE-2023	61,936,000			61,936,000	61,936,000	-
000INTT231881227	07-JULY-2023	70,000,000			70,000,000	70,000,000	-
000INTT231881311	07-JULY-2023	30,000,000			30,000,000	30,000,000	-
Total		<u>235,000,000</u>			<u>235,000,000</u>	<u>235,000,000</u>	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name PETER S. TIANTA Sign  Date 1/12/2023

NAROK COUNTY ASSEMBLY CAR LOANS AND MORTGAGES SCHEME FUND
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Annex III: Reporting of Climate Relevant Expenditures

Climate Change Category	Description of Expenditure	Budgeted Expenditure	Actual Expenditure	Quarterly Expenditure				Total Expenditure	Percentage of Total Expenditure
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I Programs	Column II Sub-Programs	Column III Budget 2023	Column IV Expenditure determined by the County Expenditure Committee	Column V Actuals	Column VI Actuals (KSh)	Column VII Comments