

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	23/04/2024
TABLED BY	Dep-Senate majority whip
COMMITTEE	
CLERK AT THE TABLE	CAROLYN C.

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF NYERI CAR LOAN
AND MORTGAGE (MEMBERS) SCHEME FUND**

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



COUNTY ASSEMBLY OF NYERI

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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



**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME
FUND**

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

Table of Content

1. Key Entity Information and Management	2
2. The Board of Trustees (or any other governing body for the Fund Management Team	4
2. Board/Fund Chairperson's Report	4
3. Report of the Fund Administrator	5
4. Statement of Performance against the County Fund's Predetermined Objectives	6
5. Corporate Governance Statement	8
6. Management Discussion and Analysis	9
7. Environmental and Sustainability Reporting	10
8. Report of the Trustees	11
9. Statement of Management's Responsibilities	12
10. Report of the Independent Auditor	13
11. Statement of Financial Performance for the Year Ended 30th June 2023	14
12. Statement of Financial Position as At 30 June 2023	15
13. Statement of Changes in Net Assets for the year ended 30 th June 2023	16
14. Statement of Cash Flows for the Year Ended 30 June 2023	17
15. Statement of Comparison of Budget and Actual Amounts for the Period	18
16. Notes to the Financial Statements	20
17. Progress on Follow up of Prior Year Auditor's Recommendations	21
	48

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

1. Key Entity Information and Management

a) Background information

County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund is established by and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. Section 167 of the Public Finance Management (PFM) Act 2015 mandates the administrator of public funds with the preparation of annual financial statements.

The Fund is wholly owned by the County assembly of Nyeri and is domiciled in Kenya.

The fund's objective is to provide Mortgage and Car loans to Staff of the County Assembly

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to offer subsidized loans to Members of the County Assembly

Vision

"The fund of choice for Members of County Assembly"

Mission

"To provide affordable, accessible and sustainable car loans to Members of County Assembly"

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. James Kanyugo Mwangi	Chairman
2	Hon. Margaret Muthoni Kuruga	V Chairperson
3	Hon. Sebastian Mugo Theuri	Member
4	Hon. David Mwangi Kabatha	Member
5	Jernard Mwiggele	Fund Administrator
6	Seolastica Wambui	Member
7	Josiah Mathenge	Member
8	Joseph Kimiti	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

d) Key Management

Ref	Name	Position
1	Jernard Mwiggeh	Fund Administrator
2	Scolastica Wambui	Member
3	Josiah Mathenge	Member
4	Joseph Kimiti	Member

e.) Registered Offices

County Assembly of Nyeri

P.O. Box 162 – 10100

County Assembly Building
Nyeri Nairobi Road
Nyeri, KENYA

f) Fund Contacts

Tel No. 0612037100

g) Fund Bankers

Family Bank
Head Office
P.O. Box 74145 - 00200
Muind Mbingu Street

Thro. Nyeri Branch

h) Independent Auditors

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

i) Principal Legal Adviser

Director Legal Services
County Assembly Headquarters
Off Nyeri-Karatina – Nairobi Highway
Ruringu
P.O. Box 162
Nyeri

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

2. The Board of Trustees (or any other governing body for the Fund)

Ref	Name	Position
1	Hon. James Kanyugo Mwangi	Chairman
2	Hon. Margaret Muthoni Kuruga	V/Chairperson
3	Hon. Sebastian Mugo Theori	Member
4	Hon. David Mwangi Kabatha	Member
5	Jernard Mwiggeh	Fund Administrator
6	Seolastica Wambui	Member
7	Josiah Mathenge	Member
8	Joseph Kimiti	Member

Management Team

Ref	Name	Position
1	Jernard Mwiggeh	Fund Administrator
2	Seolastica Wambui	Member
3	Josiah Mathenge	Member
4	Joseph Kimiti	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

2. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the management team, the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund Financial Statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

Sustainability

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

Review of performance

Income

The fund earned revenue amounting to Kshs. 2,479,630 from other exchange transactions. This through the interest from loans advanced to members.

Loans disbursement during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to balances in the accounts and repayment of loans by members.

The decline in revenue from interest earned was occasioned by reduced interest earned from loans, this was because the principal loan balances had reduced significantly after payment of loans by Hon members for a period of five years.

Expenditures

The total expenditures during the period amounted to Kshs. 4,259,130 out of which the administration expenses amounted to Kshs. 825,214, hospitality Kshs. 1,560,000, Bank Charges 5,424 and fridge benefit of Kshs. 1,868,492 expenditures respectively.

Future outlook

The outlook of the Fund for 2023/2024 looks brighter. The fund is expected to disburse new loans to the incoming Hon members and focus on building a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Government and development partners to the realization of its vision.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government, Partners, Stakeholders, Management and Staff for their continued support which made us achieve these results.

I look forward to your continued support in the year 2023/2024

Signed: 

Hon. James Kanyugo

Fund Chairman

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

3. Report of the Fund Administrator

It is my pleasure to present the County Assembly of Nyeri Car loan and Mortgage financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

The fund was established in January, 2018 started with an amount of Ksh. 253M. During the second Assembly that run from year 2017 to 2022, a total of 54 loan beneficiaries were disbursed amounting Ksh. 251.5 M. By the end of their term in year 2022, all Members had cleared their loans. In the year under review and the third session of the Assembly since devolution, a total of 42 loan beneficiaries have been issued with loans, amounting to Kshs.224M. The fund financial status is stable which has been enabled by repayment of loans. We have managed to disburse members as per their requests and the approval of the management team.

Financial Performance

a) Revenue

In the year ended 30th June 2023, the fund made revenue from interest on loans from members amounting to Kshs. 2,479,630 this was made possible by the fact that, all members paid up their monthly instalments as at the close of the FY 2022/2023 which is a positive gesture in the management of the fund

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
Revenue	KShs	KShs	
Public contributions and donations			
Transfers from County Govt.	-		
Interest income	2,479,630.	2,479,630.	100%
Fines, penalties and other levies			
Other income			
Total income	2,479,630.	2,479,630.	100%

b) Loans

During the financial year 2022/2023, the fund issued 42 loans; this was as per requests from Members of the third Assembly who joined the Assembly in August 2023.

c) Cash flows

In the FY 2022/2023, we have not had liquidity disruptions. This was as a result of proper planning and better loan recoveries from beneficiaries. The cash and cash equivalents was Kshs. 54,042,207 as at 30th June 2023.

d) Conclusion

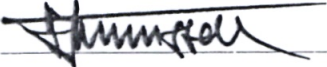
FY 2021/2022 was a good year in general. Good progress was made in as all the members have been loaned and the momentum has been created to enable County Assembly of Nyeri Car loan and Mortgage fund continue on a trajectory into prosperity. We identified gaps and areas to improve on in the subsequent years.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

Report of the Fund Administrator (Continued)

I take this opportunity to thank the management team for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Nyeri Car loan and Mortgage (Members) Scheme fund achieves its mission.

Signed: 

Jenard Mwiggeh
Fund Administrator

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

4. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the strategic plan for 2019-2023 are to:

- a) Provide Members with subsidized Car Loans.
- b) Provide Members with subsidized Mortgage Loans

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage Loans	Housing for Members of the Assembly	Number of Mortgage loans applied	Completed houses by June 2023	Number of Members owning houses
Provision of Car Loans	Acquisition of Vehicles	Number of Vehicles Loans applied	Cars bought	Number of Members owning vehicles by June 2023

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

5. Corporate Governance Statement

The Assembly Regularly engages in CSR activities by donating funds to the children homes and engaging in community and supporting activities.

1. Sustainability strategy and profile

The management has ensured the sustainability of the fund by making sure that all the money lent in terms of loans is repaid back on time before the end of the member's term this is accordance with the lending policy guided by the approved Regulations.

2. Environmental performance

The Assembly has adopted the best environmental management practices in terms of ensuring that all activities done and materials used to construct offices are environmental friendly.

3. Employee welfare

The policy guiding the hiring process of the employee is derived from the Public Service Manual as well Human Resource Manual. Further, the 2010 Constitution gives guidelines on one third gender rule on recruitment. The Assembly has ensured that safety of its employees is taken care of while at by insuring them against injury while at work. All work places are safe to work in and adequate measures has been put in place to ensure that employees safety is guaranteed

4. Market place practices

The organization should outline its efforts to:

a) Responsible competition practice.

The Assembly ensures that there are fair competition practices by ensuring that all tenders and service provisions are advertised in widely circulated newspaper for interest members of public to apply.

b) Responsible Supply chain and supplier relations

The Assembly ensures that all service providers are paid on time upon delivery of service without delays

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

6. Management Discussion and Analysis

(a). On the operational and financial performance of the Fund managed to advance loans to all requests by members and the repayment has been good.

(b). Fund's key projects or investments decision implemented or ongoing.

The fund does not engage in any investments projects

(c). Fund's compliance with statutory requirements,

The Fund complies with all statutory key requirements i.e. regulations governing the Fund, the PFM Act and PPAD Act and any other policy guideline issued by the treasury.

(d). Major risks facing the Fund, material arrears in statutory and other financial obligations, and

The major risks facing the fund are inadequate funding due budget ceilings.

(e). Any other information considered relevant to the users of the financial statements.)

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME
FUND**

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

7. Environmental and Sustainability Reporting

The Assembly Regularly engages in CSR activities by donating funds to the children homes and engaging in community and supporting activities.

1. Sustainability strategy and profile

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**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME
FUND**

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

8. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

8.1 Principal activities

The principal activities of the Fund are advance Members Car Loans and Mortgages.

8.2 Performance

The performance of the Fund for the year ended June 30, 2023, are set out on page 1 to 8

8.3 Trustees

The members of the Administration Committee who served during the year are shown on page iii and iv. There was no changes in the Committee during the financial year:

8.4 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

Sign: 

Name: James K. Antuho

Chair of the Fund Administration Committee

Date: 23/11/2023

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

9. Statement of Management's Responsibilities

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 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.

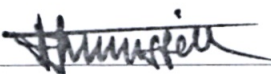
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund Regulations, 2017). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30th, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

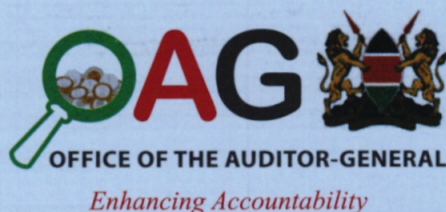
The Fund's financial statements were approved by the Board on 23/11/ 2023 and signed on its behalf by:



Name; Jenan N. Mung'ela
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund set out on pages 15 to 50, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Nyeri Car Loan and Mortgage (Members) 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 Public Finance Management Act, 2012 and the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund Regulations, 2017.

Basis for Qualified Opinion

1. Presentation and Disclosure of the Financial Statements

The statement of cash flows reflects interest received of Kshs.2,472,643, fund administration expenses of Kshs.2,390,638 under cash flows from operating activities. In addition, the statement reflects proceeds from loan principal repayments of Kshs.26,004,746 and loan disbursements paid out of Kshs.224,000,000 under cash flows from investing activities and proceeds from revolving fund receipts of Kshs.92,000,000 under cash flows from financing activities. However, the respective supporting notes to the financial statements were not indicated in the statement of cash flows.

In the circumstances, the accuracy of balances reflected in the statement of cash flows could not be confirmed.

2. Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents of Kshs.54,042,207 as disclosed in Note11 to the financial statements. However, the balance was not supported by approved board of survey and signed reconciliation statements supported by schedules of the reconciling items.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.54,042,207 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management did not resolve the issues or give any explanation for the failure to resolve them.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Unremitted Fringe Benefit Tax

The statement of financial position reflects trade and other payables balance of Kshs.15,322 and as disclosed in Note 17 to the financial statements which relates to accrued fringe benefits tax which had not been remitted to Kenya Revenue Authority. In addition, the statement of financial position reflects trade and other payables balance of Kshs.6,319,672 as at 30 June, 2022 in respect of fringe benefits tax which had accrued since inception of the Fund and had attracted penalties and interest of Ksh.3,023,438. Information provided by Management indicated that Kenya Revenue Authority had waived the penalties and interest. However, no correspondence was provided to support the waiver.

In the circumstances, Management was in breach of law and may continue incurring avoidable losses in form of penalties and interest.

2. Failure to Disclose Conflict of Interest

During the year under review, loans amounting to Kshs.224,000,000 were approved. The Fund Administration Committee members were paid Kshs.1,560,000 as committee allowance. However, there was no evidence provided on declaration of conflict of interest by the four (4) Members of the County Assembly who sat in the meetings which approved their loans.

In the circumstances, it was not possible to confirm whether it was regular for the four members who sat in committee meetings which approved their loans.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weak Controls in Cash Management

Review of the Fund's cash books and other accounting records revealed that the cash books did not have clear description of receipts and payments. In addition, payment vouchers were not prepared and all entries in the cash books were posted from bank statement transactions.

In the circumstances, the effectiveness of the internal controls in regard to cash management procedures could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal controls 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

12 March, 2024

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

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

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers From the County Government	2		
Fines, Penalties and Other Levies	3		
Revenue From Exchange Transactions			
Interest Income	4	2,479,630	823,941
Other Income	5		
Total Revenue		2,479,630	823,941
Expenses			
Employee Costs	6		
Use of goods and services	7	4,259,130	282,483
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses		4,259,130	282,483
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Surplus/(Deficit) For The Period		(1,779,501)	541,458

(The notes set out on pages 22 to 50 form an integral part of these Financial Statements)

.....
 Name: Jermain N. Mung'ala
 Administrator of the Fund

.....
 Name: Joseph H. Kimiti
 Fund Accountant
 ICPAK Member Number: 8458

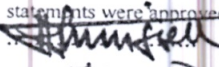
COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

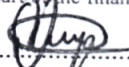
Annual Report and Financial Statements for the year ended June 30, 2023

12. Statement of Financial Position as At 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	54,042,207	159,955,456
Current Portion of Long-Term Receivables From Exchange Transactions	12	198,650,625	
Interest Receivable	12		
Prepayments	13		
Inventories	14		
Non-Current Assets		252,692,831	159,955,456
Property, Plant and Equipment	15		
Intangible Assets	16		
Long-Term Receivables from Exchange Transactions	12		
Total Assets		252,692,831	159,955,456
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	15,322	6,319,672
Provisions	18		
Current Portion of Borrowings	19		
Employee Benefit Obligations	20		
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20		
Long-Term Portion of Borrowings	19		
Total Liabilities		15,322	6,319,672
Net Assets		252,677,509	153,635,784
Revolving Fund		253,353,014	161,353,014
Reserves			
Accumulated Surplus		(675,506)	-7,717,229
Total Net Assets and Liabilities		252,677,508	153,635,785

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 23rd Nov 2023 and signed by:


 Name: **Jemaid N. Ngunjiri**
 Administrator of the Fund

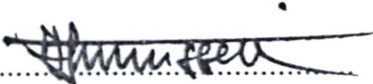

 Name: **JOSEPH KIMITI**
 Fund Accountant
 ICPAK Member Number: **8458**


COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2021	161,353,014	0	(8,258,687)	153,094,327
Surplus/(deficit) for the period			541,458	541,458
Funds received during the year				0
Revaluation gain				0
Balance as at 30 June 2022	161,353,014	0	(7,717,229)	153,635,785
Balance as at 1 July 2022	161,353,014	0	(7,717,229)	153,635,785
Surplus/(deficit) for the period			(1,779,501)	(1,779,501)
Funds received during the year	92,000,000		(682,492)	91,317,508
Revaluation gain			9,503,716	9,503,716
Balance as at 30 June 2023	253,353,014	0	(675,506)	252,677,508


 Name: Leonard N. Mung'eh
 Administrator of the Fund


 Name: JOSEPH KIMITI
 Fund Accountant
 ICPAK Member Number: 8458

COUNTYASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME

FUND

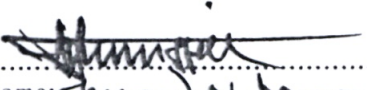
Annual Report and Financial Statements for the year ended June 30, 2023


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

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received		2,472,643	823,941
Receipts from other operating activities		0	0
Total receipts		2,472,643	823,941
Payments			
Fund administration expenses		2,390,638	282,483
General expenses		0	0
Finance cost			
Other payments			
Net cash flows from operating activities	21	2,390,638	282,483
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			
Proceeds from sale of property, plant & equipment		26,004,746	51,110,056
Proceeds from loan principal repayments			
Loan disbursements paid out		(224,000,000)	
Net cash flows used in investing activities		(197,995,254)	51,110,056
Cash flows from financing activities			
Proceeds from revolving fund receipts		92,000,000	
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities		92,000,000	0
Net increase/(decrease) in cash & cash equivalents		(105,913,249)	51,651,514
Cash and cash equivalents at 1 July	11	159,955,456	108,303,942
Cash and cash equivalents at 30 June	11	54,042,207	159,955,456

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME
FUND

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


.....
Name: Juan N. Munggele
Administrator of the Fund


.....
Name: JOSEPH KIMITI
Fund Accountant
ICPAK Member Number: 8458

COUNTYASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

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

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% Utilisation	
	2023	Kshs	2023	Kshs	2023	Kshs	2023	Kshs	2023	Kshs	2023	2023
Revenue												
Public Contributions And Donations												
Transfers From County Govt.												
Interest Income	2,479,630		-		2,479,630		2,479,630		0		100%	
Other Income	0		-		0		0		0			
Total Income	2,479,630		0		2,479,630		2,479,630		0		100%	
Expenses												
Fund Administration Expenses	2,479,630		0		2,479,630		2,479,630		0		100%	
General Expenses			0						0			
Finance Cost			0						0			
Total Expenditure	2,479,630		0		2,479,630		2,479,630		0		100%	
Surplus For The Period			0		0		0		0			

16. Notes to the Financial Statements

1. General Information

County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund is established and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund is wholly owned by the Nyeri County Government and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 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 a County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund'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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
	<p>hedging arrangements in scope of the guidance. The model develops a strong link between an County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p>
<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 County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund'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</p>

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
 Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
	by IPSAS 41 which is applicable from 1 st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund did not early – adopt any new or amended standards in year 2022.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 7th June 2022– the Nyeri County Budget Estimates for the financial year 2022/23. 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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 92,000,000 in the FY 2022-2023 budget following the governing body's approval.

The County Assembly of Nyeri Car Loan and Mortgage (Members) 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 basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 0 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

- The debtors or a County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

Summary of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund.

c) Provisions

Provisions are recognized when the County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme 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.

Contingent liabilities

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme 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.

Summary of Significant Accounting Policies (Continued)

Contingent assets

The County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme 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 County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

d) Nature and purpose of reserves

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund creates and maintains reserves in terms of specific requirements. County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund to state the reserves maintained and appropriate policies adopted.

e) Changes in accounting policies and estimates

The County Assembly of Nyeri Car Loan and Mortgage (Members) 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.

f) Employee benefits – Retirement benefit plans

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund does not provides retirement benefits for its employees and directors.

Foreign currency transactions

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

Summary of Significant Accounting Policies (Continued)

g) **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.

h) **Related parties** The County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund regards a related party as a person or an County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund with the ability to exert control individually or jointly, or to exercise significant influence over the County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

i) **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.

j) **Comparative figures**

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

k) **Events after the reporting period**

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

l) **Ultimate and Holding Entity**

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund is a County Public Fund established by by and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014.

SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. Section 167 of the Public Finance Management (PFM) Act 2015 mandates the administrator of public funds with the preparation of annual financial statements. Its ultimate parent is the County Government of Nyeri.

m) **Currency**

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the County Assembly of Nyeri Car Loan And Mortgage (Members) Scheme Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

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

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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
 Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes to the Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations		
Payments By County On Behalf f The County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund		
Total		

3. Fines, penalties and other levies

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

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income From Mortgage Loans	2,479,630	823,941
Interest Income From Car Loans	0	0
Interest Income From Investments	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	2,479,630	823,941

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries		
Income From Sale Of Tender Documents		
Miscellaneous Income		
Total Other Income		

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other (Specify)		
Total		

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	
Administration Fees	825,214	274,647
Committee Allowances	1,560,000	0
Bank Charges	5,424	7,836
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Provision For Doubtful Debts	0	0
Other (Fridge Benefits)	1,868,492	
Total	4,259,130	282,483

8. Depreciation and Amortization Expense

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

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
Total		

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant And Equipment		
Intangible Assets		
Total		

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Main Account	26,616,851	1,819,875
Collection Account	26,035,750	156,827,980
Interest Account	1,389,606	1,307,601
On – Call Deposits	0	0
Current Account	0	0
Others	0	0
Total Cash And Cash Equivalents	54,042,207	159,955,456

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Family Bank	55000044194	26,616,851	1,819,875
Family Bank	55000044823	26,035,750	156,827,980
Family Bank	55000045668	1,389,606	1,307,601
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank – Etc.			
Sub- Total			
c) Current Account			
Kenya Commercial Bank			
Bank B			
Sub- Total			
d) Others(Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total			

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

12. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	6,986	
Current Loan Repayments Due	0	
Other Exchange Debtors	0	
Less: Impairment Allowance	0	
Total Current Receivables	6,986	
Non-Current Receivables		
Long Term Loan Repayments Due	198,643,638	
Total Non- Current Receivables	198,643,638	
Total Receivables From Exchange Transactions	198,650,625	

Additional disclosure on interest receivable

Description	2022-2023	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		

13. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments (Specify)		
Total		

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

14. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories (Specify)		
Total Inventories At The Lower Of Cost And Net Realizable Value		

COUNTYASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Transfer/Adjustment

At 30th June 2022

Net Book Values

At 30th June 2021

At 30th June 2022

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS)
SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2022-2023	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		

17. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses(Fridge Benefits)	15,322	6,319,672
Other Payables	0	0
Total Trade And Other Payables	15,322	6,319,672

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)				
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 (30.06.2022)				

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS)
SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments Of External Borrowings During the Period		
Repayments Of Domestic Borrowings During the Period		
Balance At End of The Period		

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'		
Sterling Pound Denominated Loan From 'Y Organisation'		
Euro Denominated Loan from 'Z Organisation'		
Domestic Borrowings		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barelays 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	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)		
Long Term Borrowings		
Total		

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS)
SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	82,005	541,458
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	82,005	541,458

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties		
Transfers To Related Parties		

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees		
Key Management Compensation		
Total		

d) Due from related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
Total		

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

Other Disclosures Continued

e) Due to related parties

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

23. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case 0 Against The Fund		
Bank Guarantees		
Total		

(Give details)

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the County Assembly of Nyeri Car Loan and Mortgage (Members) 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 County Assembly Of Nyeri Car Loan And Mortgage (Members) Scheme Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 3- June 2021				
Receivables From Exchange Transactions				
Receivables From Non Exchange Transactions				
Bank Balances				
Total				

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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund has significant concentration of credit risk on amounts due from -x

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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund's short, medium and long-term funding and liquidity management requirements. The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

There has been no change to the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

i. Foreign currency risk

The County Assembly of Nyeri Car Loan and Mortgage (Members) 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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

Interest rate risk is the risk that the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund's interest rate risk arises from bank

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2022: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2021 – KShs 0)

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 County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund capital structure comprises of the following funds:

	2022-2023	2021-2022
	KShs	KShs
Revaluation reserve		
Resolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing	%	%

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

17. Progress on Follow up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2018/2019. Cash and Cash Equivalents	The statement of financial position reflects cash and cash equivalents balance of Kshs.82,262,434.10 as at 30 June 2019. However, the fund administrator did not present bank reconciliations statements for the following bank accounts held at Family bank	The bank bank statement reconciliations were duly presented		
2018/2019 Failure to Provide Approved Budget	The Fund's statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects final budget of Kshs.5,970,161 and Kshs.5,459,697, for revenue and expenditure, respectively. However, approved budget by the delegated committee or County Assembly was not provided for audit review	The fund does not have it own budget ,the assembly budget is one which is approved by the assembly before the start of a financial year		
2018/2019 Failure to Provide Security for Car Loan and Mortgage	According to records presented for audit review, the Fund's administrator had advanced loans amounting to Kshs.248, 000,000 to Members of the County Assembly since inception out of which an amount of Ksh 172,826,900 was outstanding as at 30 June 2019. However, the administrator did not cause charge of assets acquired through the Car Loan and Mortgage Scheme Fund. Further, Section 14 of the Public Finance Management (Nyeri County Assembly Car Loan and Mortgage Scheme Fund) Act, 2017 requires the borrower to maintain a mortgage protection policy and fire policy. However, there was no evidence indicating that insurance covers were taken by the	The loans issued were duly charged and by the end of the second assembly members in august 2022, all the loans been paid.		

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

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)
borrowers. It is, therefore, not clear whether the funds advanced would be recovered in case of default by borrowers				
<p>2019/2020 Failure to Provide Approved Budget The Fund's statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects final budget of Kshs.4,800,000 and Kshs.5,010,000 for revenue and expenditure, respectively. However, an approved budget by the delegated committee or County Assembly was not provided for audit review. Consequently, the accuracy and completeness of the budget figures could not be confirmed</p>		<p>The fund does not have its own budget, the assembly budget is one which is approved by the assembly before the start of a financial year</p>		
<p>2019/2020 Inaccurate Cash and Cash Equivalent Balances The statement of financial position reflects cash and cash equivalents balance of Kshs.128,400,550 and Kshs.82,262,434 as at 30 June 2020 and 30 June, 2019 respectively. It was however noted that although the 2018/2018 financial year closing cash and cash equivalent balance was Kshs.82,262,434, a recomputation on the statement of cash flows amounted to a balance of Kshs.173,647,601 resulting in a variance of Kshs.91,385,167 which was not explained or reconciled</p>				
<p>2019/2020 Unsupported Proceeds from Loan Repayments The statement of cash flows shows proceeds from loan principal repayments of Kshs.49,186,284 whose supporting documents were not provided for audit verification. Consequently, the accuracy of the statement of cash flows for the year ended 30 June, 2020 could not be confirmed.</p>		<p>The supporting schedules have been duly provided</p>		

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30,

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>Non-Remittance of Fridge Benefits Tax</p> <p>The Statement of financial position as at 30th June ,2022 reflects trade and other payables from exchange transaction balance of Kshs.6,319,672 and as disclosed in Note 17 to the financial statements ,which relates to accrued fridge benefits tax payable to kenya revenue authority (KRA).However ,the fridge benefits tax had remained outstanding to remit the fridge benefits tax to KRA on time.</p> <p>In the circumstances, delayed remittance of fridge benefits tax may result to additional costs in terms of penalties and interest .Further, failure to remit the deductions is against income tax act.</p>		<p>The issue of non-remittance of fridge benefits has now been addressed adequately, the balance outstanding as at the end of the under review can attest to this.The balance outstanding as at June,2023 was Kshs.15,322 at indicated in the accounts payable of the Financial statements under review.</p>		<p>30th June, 2024</p>