

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

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**UASIN GISHU COUNTY ASSEMBLY
MORTGAGE AND CAR LOAN SCHEME FUND**

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



UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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



Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Key Entity Information and Management

a) Background information

Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014). The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

b) Principal Activities.

The fund's objective is to provide Mortgage and Car Loan Scheme for purchase, development, renovation or repair of residential Property or Car by members' of the scheme.

The Fund's principal activity is to provide members of the scheme with loans as per the scheme's regulations.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Julius Sang	Chair
2	Hon. Francis Muya	V. chair
3	Hon. Samuel Sawe	Member
4	Hon Carolyne Cheronno	Member
5	Shadrack Choge	Fund Administrator
6	Lazarus Kemboi Bii	Fund Accountant
7	Michelle Saina	Legal Officer

d) Key Management

Ref	Name	Position
1	Shadrack Choge	Fund manager
2	Lazarus Kemboi	Fund Accountant
3	Peter Ouyo	Principal Finance officer
4	Sally Jesang	Principal Accountant

e)Registered offices

County Assembly Building
P.O. Box 100-30100
Uganda Road
Eldoret, KENYA

(f)Fund Contacts

Telephone: (254) 053-2062077
E-mail: info@ugcountyassembly.or.ke
Website: www.ugcountyassembly.or.ke

(g) Fund Bankers.

1. Access Bank Ltd
PO Box 4306-100
Nairobi
2. KCB Bank Ltd
Eldoret West Branch
P.O. Box 5197-30100
Eldoret, Kenya.
3. Family Bank
Eldoret branch
Po Box 629-30100
Eldoret.








(h)Independent Auditors

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

e) Principal Legal Adviser





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

2.The Fund Committee Members

Name	Details of qualifications and experience	
 1. Hon. Julius Sang	Member of Fund Management Committee since 2022 Leader of the Majority in the house	
 2. Hon. Francis Muya	Member of Fund Management Committee since 2022- Leader of the Minority in the house	
 3. Hon. Samuel Sawe	ICPAK member and chairman budget and Appropriation Committee.	
 4. Hon. Caroline Cherono	Member of Fund Management Committee since 2022 Vice chair -Devolution and Public Administration	
 5. ShadrackChoge	Fund Manager Master's Degree Joined the Committee in 2018	
 6. Lazarus Kemboi	Fund Accountant Master's Degree, CPA (K) Member of Fund Management Committee since 2014	
 7. MitchelleSaina	Bachelor's Degree LLB Member of Fund Management Committee since 2014	

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3.Management Team

Name	Details of qualifications and experience
 1.Shadrack Choge	Fund Manager Master's Degree YOB: 1976 Work Experience: 25 Years
 2.Lazarus Kemboi	Fund Accountant Master's Degree, CPA (K) YOB: 1975 Work Experience: 25 Years
 3. Peter Ouyo	Principal Finance Officer Master's Degree YOB: 1967 Work Experience: 31 Years
 4. Sally Jesang	Principal Accountant Master's Degree, CPA (K) YOB: 1977 Work Experience: 16 years

4.Board/Fund Chairperson's Report

It is my pleasure to present the annual financial reports and statements for the Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ending 30th June 2023. This report is tabled for your consideration and discussion as part of the annual general meeting.

Financial year 2022/23 was an exciting year where we made several key decisions, which requires time-consuming commitment from all board members. During the year under review the fund received interest of Kshs 5,445,519 from its operations.

The membership of the Fund management committee was reconstituted in the year under review. This was occasioned by the fact the term of the second County Assembly came the end in August 2022. There were no changes in fund management team which enabled the fund to run smoothly since there were no interruptions in the day to day management of the fund.

In order to ensure that all honourable members and staff get access to this loans facility, the Fund committee obtained additional budgetary allocations of kshs100,000,000 from the County Treasury. The committee has also put in place measures that ensured loans disbursed are recovered as scheduled to minimize the default risk.

In conclusion, I would like to thank the County Assembly service board, all honourable members, members of staff of the County Assembly and this Fund Management committee for their huge contribution and support they have given for the growth of the fund. As our current term of office comes to an end, I wish to take this opportunity to thank all the Fund committee members and management for their tireless commitment in the management of the fund and wish the incoming committee members all the best.

SIGN: 

HON. JULIUS SANG

5. Report of The Fund Administrator

The County Assembly established and Mortgage Car loan scheme fund to cater for loans and mortgage for members and Staff in financial 2014/15. The initial budget for the fund was Ksh 225,000,000. This was disbursed to all the forty-five members of the First County Assembly each being advanced Ksh 5,000,000 in the year 2014

During the financial year ending 30th June, 2017 the County Assembly enhanced the fund by Ksh 15,100,000. In the financial year (2017/18) the Assembly disbursed Ksh 245,499,900 to the Members of Second County Assembly and Staff, Ksh 21,439,304 in (2018/19), Ksh 16,706,478 in the FY 2019/2020 and a further Ksh24,394,448 in the FY 2020/2021.

During the year 2021/ 2022 the fund did not disburse loans to members of the scheme. The fund earned interest of Ksh 3,111,460 from its operations as indicated in the financial statement as at 30th June,2022.

The major challenge facing the fund is inadequate capital required to meet the demands of the member. However, the County Assembly Service Board is exploring all possible ways to enhance the fund.

During the year, the fund did not incur fund administration expenses since the measures had been put in place to minimize expenses.

The fund received additional funding of kshs 100,000,000 during the year under review as capital injected to the Fund and kshs 90,000,000 being amount set aside for car reimbursement to the honourable members of the county Assembly. There are also no property, plant and equipment, intangible assets and financial instruments owned by the fund.

The employees working for the fund are employees of the County Assembly who earn salaries and other employment benefits from the employer and do not receive anything from the fund in terms of salaries or allowances.

The major risk that is associated with the fund is the default risk. Adequate measures have been put in place to mitigate the fund against this risk.

The entities that are related with the fund include those who have ability to exercise control or exercise significant influence over its operations and financial decisions. The fund is related with the following entities;

- a) Uasin Gishu County Assembly Service board
- b) Uasin Gishu County Assembly

Uasin Gishu County assembly mortgage and car loan scheme Fund
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c) Uasin Gishu County Government

I would like to thank the County Assembly Service Board, the Chair and Members of County Assembly Car Loan and Mortgage Scheme Fund, County Assembly Members and Staff for their continued support and I look forward to realizing our future together.

Am glad therefore, to forward the financial statement in respect to Car Loan and Mortgage scheme Fund, for period ending 30th June, 2023.

Signed:


SHADRACK CHOGE

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government 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 objective of the Fund as per t the Public Finance Management (Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund) Regulation, 2014) is to issue loan for acquisition ,development, renovation or repair or residential property or cars to members of the scheme .

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loans to Members of the fund	To provide car loan and mortgage to honourable members of the County Assembly and staff	Increased number of members and staff issued with loans	% of honourable members and staff accessing the facility	Due to limited funding we were unable to issue loans to all members of the fund during the year under review

7. Corporate Governance Statement

During the financial year, the principal activities of the Fund consisted of recovering the loans advanced, ensure compliance with the statutory requirements and overall prudent management of the Fund.

FUND COMMITTEE MEMBERS

The following persons were the fund committee members for the financial year ended 30th June 2023. All the members were in office for the full financial year and until the date of this report:

- Hon. Julius Sang (Chairman)
- Hon. Francis Muya (Vice Chair)
- Hon. Samuel Sawe (Member)
- Hon. Carolyne Cheronno (Member)
- Shadrack Choge (Fund Administrator)
- Lazarus Kemboi (Fund Accountant)
- Michelle Saina (Legal Officer)

The above members were appointed based on the fund regulations that states that; the chair of the committee shall be the leader of the majority deputised by leader of minority and members are; Chair Finance and Planning Committee, one member of the County Assembly nominated by the members of the County Assembly, Clerk to County Assembly who shall be the fund Administrator, Head of Budget/Finance who shall be the fund Accountant and Legal Officer.

The main role of the committee is to:-

- a) Process application for loans in accordance with the existing terms and condition of borrowing;
- b) Liaise with the housing company (if any) to set-up a revolving fund for the disbursement of loans;
- c) Supervise the day to day running of the fund.

Members to the Car Loan and Mortgage Committee are paid sitting allowances whenever they meet to discharge their duties.

The Committee Members are required to declare their interest during the discharge of their duties to avoid Conflict of Interest. They are also guided by the institution code of ethics and their conduct is subject governance audit.

Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Committee held 15 meetings during the financial year. All members attended the said meetings which was majorly to review the performance of the fund and ensure loan repayments by members of the County Assembly adhere to the time lanes. The meetings also focused on approval and issuance of loans to the new members of the Fund. The Management committee is in the process of developing a charter for the fund. This exercise is expected to be completed by December 2023.

The term of office for four members Fund Management members including the Chairman will come to an end in August 2022. The retiring members were replaced by the new members in October, 2022.

8. Management Discussion and Analysis

The Fund grew by Ksh 5,445,519. This growth is attributed to interest earned from the 3% interest on the loan as demanded by SRC and Fund regulations.

Ksh 33,587,774 was the principal amount recovered in FY/2022-23 from loans issued to both members and staff. As at close of the financial year under review, outstanding loans amount to Ksh220,022,627.

The major risk on the management of this fund is default risk that may arise due to changes in Constitution and Laws that may affect employment contracts, retirement age and wage bill. This will definitely affect servicing of the loan bearing in mind they were not factored in during the insurance of the loans.

The Fund has no material arrears in statutory and other financial obligation since the fund is in compliance with the statutory requirement.

During the financial year ending 30th June, 2017 the County Assembly enhanced the fund by Ksh 15,100,000. In the financial year (2017/18) the Assembly disbursed Ksh 245,499,900 to the Members of Second County Assembly and Staff, Ksh 21,439,304 in (2018/19), Ksh 16,706,478 in the FY 2019/2020 and a further Ksh24,394,448 in the FY 2020/2021.

During the year ended 30th June, 2022 the fund did not disburse loans to members of the scheme. The fund earned interest of Ksh 3,111,460 from its operations as indicated in the financial statement as at 30th June,2022.

During the year under review, the fund grew from Ksh 176,632,223 to Ksh 325,272,646.

The fund did not carry out any investment activity during the year, however the fund committee took most of the time to ensure that loans are issued to new members of the County Assembly.

There were no fund administration expenses incurred during the year since the fund committee had embarked on cost cutting measures and relied mostly on County Assembly service board to meet the costs of its operations.

The Fund did not pay social security benefits for its employees since the management and employees of the fund are employees of the County Assembly employed by the County Assembly service board.

The Car Loan and Mortgage Scheme Fund had a revolving fund of Ksh 144,000,000 at the close of Financial year 2021/2022. During the financial year under review, the same was enhanced to kshs 244,000,000 bringing additional capital of kshs 100,000,000 to the Fund. The fund has a total accumulated reserves of Kshs 32,632,223 and Kshs 48,640,423 being surplus for the year under

Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

review. These reserves arose due to surplus made by the fund from 2014/2015 financial year to date. The surplus is plough ed back as loans to members since the fund is yet to meet the demand of its members. The surplus of Kshs 48,640,423. was made during the year under review is majorly as a result outstanding car reimbursement due to the members of the county Assembly.

9.Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

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

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Due to Financial Constraints the Fund has been unable to engage in activities that are beneficial to the Community, However, as the Fund grows there are plans and mechanisms in place for the Fund to engage in charitable activities (Cash & Materials), community social investments and any other form of community initiatives.

10. 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.

Principal activities

The principal activity of the Fund is to issue loans to members of the scheme and ensure the same is recovered accordingly.

Results

The results of the Fund for the year ended 30th June ,2023 are set out on page 1-6

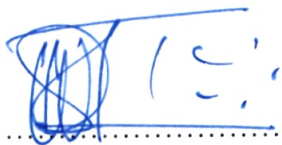
Fund Management Committee

The members of the Fund Management Committee who served during the year are shown on page (iii). There were changes in the Fund Committee during the financial year since the inception of the third Assembly

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 Fund Committee



.....

Chair of the Fund Administration Committee

Date:

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund and as established by The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

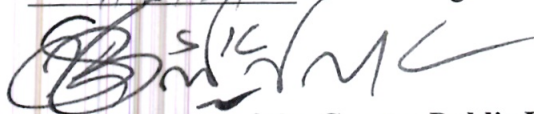
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) 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 judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further 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

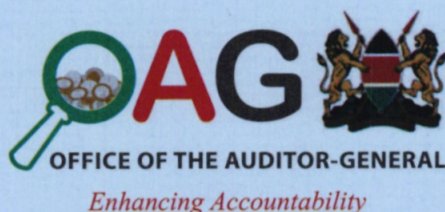
The Fund's financial statements were approved by the Fund Management Committee on 11/12/2023 2023 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund set out on pages 1 to 40, which comprise the statement of financial position as at 30 June, 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

Report of the Auditor-General on Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Assembly Mortgage and Car Loan 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 Uasin Gishu County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Outstanding Loans

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,022,627. As previously reported, this balance includes outstanding loans totalling Kshs.300,526 owed by two former Members of County Assembly (MCAs). However, Management failed to recover the loan within the five-year term of the Assembly. Although Management explained that the outstanding amounts would be deducted from their terminal dues, no evidence was provided to confirm that the terminal dues would be sufficient to offset the outstanding loans.

In the circumstances, the accuracy and recoverability of the long-term receivables from exchange transactions balance of Kshs.300,526 could not be confirmed.

2. Non-Performing Long-Term Loan

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,022,627 which includes a car loan amounting to Kshs.3,800,000 advanced in December, 2016 to a member. However, as previously reported, the member had repaid Kshs.2,473,666 as at December, 2018 resulting to unpaid balance of Kshs.1,326,334. There was no evidence that additional loan repayments had been received from the member since December, 2018 to the time of audit completion on December,2023 since the principal and interest loan balance had since accumulated to Kshs.1,451,059 as at 30 June, 2023.

In the circumstances, the accuracy and recoverability of the long-term receivables from exchange transactions of Kshs.1,451,059 could not be confirmed.

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

Key Audit Matters

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on a comparable basis of Kshs.206,500,000 and Kshs.195,445,519 respectively, resulting to an under-funding of Kshs.11,054,481 or 5% of the budget. Similarly, the Fund expended Kshs.233,192,792 against an approved budget of Kshs.308,200,000, resulting to an under-expenditure of Kshs.75,707,208 or 24% of the budget.

The underfunding and underperformance may have affected the provision of mortgage and car loans to the members of the scheme and may have impacted negatively on service delivery to the members of the scheme.

My opinion is not modified in respect of this matter.

Other Matter

Unresolved Prior Year Audit Issues

In the audit report of 2021/2022 financial year several issues were raised. However, the issues remain unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

The Fund's Name and Loans to Staff

As previously reported, Regulation 2 of the Public Finance Management (Uasin Gishu County Assembly Members Mortgage and Car Loan Scheme Fund) Regulations, 2014, provides that the name of the Fund should be cited as Uasin Gishu County Assembly Members Mortgage and Car Loan Scheme Fund. However, the name of the Fund in the financial statements is indicated as Uasin Gishu County Assembly Mortgage and Car Loan Scheme Fund. In addition, Regulation 3 on the objects and purpose of the Fund states that the Fund shall provide mortgage and car loan scheme for the purchase, development, renovation or repair of residential property or car by Members of the

scheme, where Member means Member of Uasin Gishu County Assembly. However, loans were provided to staff members of the Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing 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

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

Responsibilities of Management and Fund Administration Committee

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Fund Administration Committee is 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

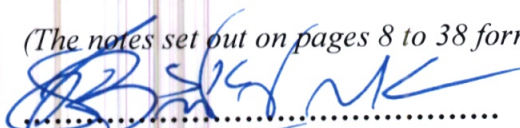
Nairobi

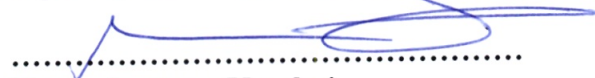
24 January, 2024

13. STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30TH JUNE 2023

	Note	2022/2023	2021/2022
		KES	KES
Revenue from non-exchange transactions			
Public contributions and donations		-	-
Transfers from the County Government	2	90,000,000	-
Fines, penalties and other levies		-	-
Revenue from exchange transactions			
Interest income	4	5,445,519	3,111,460
Other income		-	-
Total revenue		95,445,519	3,111,460
Expenses			
Fund administration expenses		-	-
General expenses	7	46,805,096	8,865
Total expenses		46,805,096	8,865
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit)for the period		48,640,423	3,102,595

(The notes set out on pages 8 to 38 form an integral part of these Financial Statements)


 Name: Shadrack Choge
 Administrator of the Fund


 Name: Lazarus Kemboi
 Fund Accountant
 ICPAK Member Number: 7993

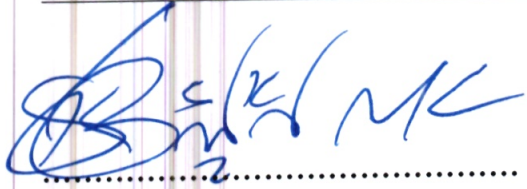
Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Note	2022/2023	2021/2022
		KES	KES
Assets			
Current assets			
Cash and cash equivalents	11	679,493	38,156,568
Current portion receivables from exchange transaction	12	111,246,142	71,344,550
		111,925,635	109,501,118
Non-current assets			-
Property, plant and equipment		-	-
Long term receivables from exchange transactions	12	220,022,627	67,222,705
Total assets		331,948,262	176,723,823
			-
Liabilities			-
Current liabilities			-
Trade and other payables from exchange transactions	17	91,600	91,600
Provisions			
Current portion of borrowings			
Employee benefit obligations	17	6,584,016	0
		6,675,616	91,600
Non-current liabilities			
Non-current employee benefit obligation			
Long term portion of borrowings			
Total liabilities		6,675,616	91,600
Net assets		325,272,646	176,632,223
Revolving Fund		244,000,000	144,000,000
Reserves/Surplus for the year		48,640,423	3,102,595
Accumulated surplus		32,632,223	29,529,628
Prior Year Adjustment			-
Total net assets and liabilities		325,272,646	176,632,223

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 11/12/2023 and signed by:

Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023



.....
Name: Shadrack Choge
Administrator of the Fund



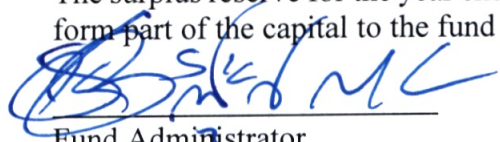
.....
Name: Lazaus Kemboi
Fund Accountant
ICPAK Member Number:7993

Uasin Gishu County assembly mortgage and car loan scheme Fund
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15. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2021	144,000,000	-	29,529,628	173,529,628
Surplus/(deficit)for the period	-	-	3,102,595	3,102,595
Funds received during the year		-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	144,000,000	-	32,632,223	176,632,223
Balance as at 1 July 2022	144,000,000	-	32,632,223	176,632,223
Surplus/(deficit)for the period	-	-	48,640,423	48,640,423
Funds received during the year	100,000,000	-		100,000,000
Revaluation gain	-	-	-	-
Balance as at 30thJUNE 2023	244,000,000	-	81,272,646	325,272,646

The above reserves arose due to surpluses made by the fund from when the fund was established. The surplus reserve for the year ended 30th June 2023 is ksh **48,640,423**. This reserves will used to form part of the capital to the fund and loaned to members.



Fund Administrator
Name: Shadrack Choge



Fund Accountant
Name: Lazarus Kemboi
 ICPAK Member Number: 7993

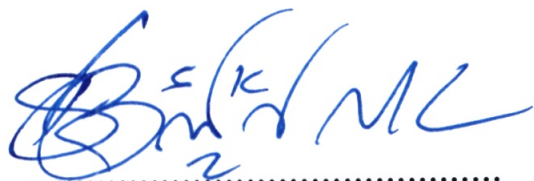
16.Statement Of Cash Flows For The Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government	2	90,000,000	-
Principal Amount Received		-	-
Interest received	4	5,445,519	3,111,460
Receipt from members deductions on loan not issued		6,584,016	0
Receipts from other operating activities	5		19,577,925
Total receipts		102,029,535	22,689,385
Payments			
Fund administration expenses		-	-
General expenses	7	7,293,496	8,865
Finance cost		-	-
Other payments	12, 18	113,401,592	71,344,550
Net cash flows from operating activities		(18,665,553)	(48,664,030)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Payments of car re-reimbursement	7	39,511,600	-
Proceeds from loan principal repayments	5	33,587,774	68,683,487
Loan disbursements paid out	12	186,387,696	-
Net cash flows used in investing activities		(113,288,322)	68,683,487
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional Capital received from County Treasury	2	100,000,000	-
Repayment of borrowings	18	73,500,000	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(37,477,075)	20,019,457

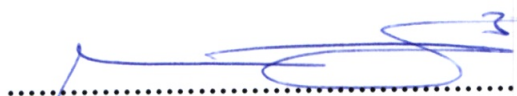
Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Cash and cash equivalents at 1 st July	11	38,156,568	18,137,111
Cash and cash equivalents at 30 June	11	679,493	38,156,568

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



.....
Name: Shadrack Choge
Administrator of the Fund



.....
Name: Lazarus Kemboi
Fund Accountant
ICPAK Member Number:7993

17.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2023

	Original budget	Adjustments	Finalbudget	Actual on comparable basis	Performance difference	% utilization
	2020/23	2020/23	2022/23	2022/23	2022/2023	2022/2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	100,000,000		200,000,000	190,000,000	10,000,000	95%
Interest income	6,500,000	-	6,500,000	5,445,519	1,054,481	84%
Other income- from Investment		-	-	-	-	0%
Total income	106,500,000	-	206,500,000	195,445,519	11,054,481	95%
Expenses						
Fund administration expenses	200,000		200,000	0	200,000	0%
General expenses	8,000,000	-	8,000,000	7,293,496	706,504	91%
Car reimbursement	100,000,000		100,000,000	39,511,600	60,488,400	60%
Loans disbursement	200,000,000		200,000,000	186,387,696	13,612,304	93%
Total expenditure	308,200,000	-	308,200,000	233,192,792	75,707,208	76%
Surplus for the period		-		(37,747,273)	-	

BUDGET NOTE

On income, the fund budgeted for ksh 200,000,000 comprising of kshs 100,000,000 additional transfer from county government to the fund and ksh 100,000,000 to cater for car reimbursement for the members of the county Assembly as approved by salaries and remuneration commission

18. Notes to the Financial Statements

1. General Information

Uasin Gishu County Assembly mortgage and car loan scheme is established by and derives its authority and accountability from public finance management(Uasin Gishu County Assembly mortgage and car loan scheme fund) Regulations 2014 . The entity is wholly owned by the County Assembly of Uasin Gishu and is domiciled in Kenya. The entity’s principal activity is to provide members of the scheme with loans as per the schemes regulations and salaries and remunerations commission’s guidelines.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

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

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

Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representatives and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the

Uasin Gishu County assembly mortgage and car loan scheme Fund
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Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an</p>

**Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

(iii) Early adoption of standards

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

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on **30th June 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations were added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Fund was appropriated with additional kshs 100,000,000 during the FY 2022-2023 to make a total of kshs 200,000,000 .

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

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

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is

Uasin Gishu County assembly mortgage and car loan scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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.

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.

Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

Inventories

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

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

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

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

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

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

Provisions

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

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

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

Contingent liabilities

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

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The reserve were maintained by fund are derived from the surpluses made during the funds operations. These reserves are currently used as capital and loaned to members.

Changes in accounting policies and estimates

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

Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

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)

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.

Related parties

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

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.

Comparative figures

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

Events after the reporting period

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

Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management (Uasin Gishu County Assembly Mortgage and Car loan Scheme Fund) Regulation 2014 under the Ministry of under Ministry of Devolution. Its ultimate parent is the County Government of Uasin Gishu.

Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.

The fund did not made provisions for bad debts and provisions for obsolete stocks.

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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	-	-

The fund did not receive public contributions and donations

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Government. – For Fund’s operations	90,000,000	-
Transfer From County Government-Capital to the Fund	100,000,000	-
Total	190,000,000	-

Transfer from county Government comprise of kshs 100,000,000 and ksh 90,000,000 being additional capital injected to Fund and provisions for county Assembly members Car reimbursement respectively. This amounts were budgeted and appropriated by the county government of Uasin Gishu in the Financial year under review.

3. Fines, penalties and other levies

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

The fund did not incur fines, penalties and other levies.

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4. Interest income

Description	2022/2023	2021/2022
	KShs	KShs
Interest income from Mortgage loans	5,445,519	3,11,460
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	5,445,519	3,11,460

The amount of kshs 5,445,519 indicated as interest income is revenue received from loans issued to members of the Fund during the financial year.

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Principal amount Recovered during the year	33,587,774	68,683,487
Accrued Income received		19,577,925
Miscellaneous Income	-	-
Total Other Income	33,587,774	88,261,412

The principal amount recovered from loans issued during the year under review is kshs 33,587,774.

6. Employee Costs

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

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7. Use of Goods and Services

Description	2022/23	2021/2022
	Kshs.	Kshs.
Payment of car reimbursement to members	39,511,600	-
Bank Charges	25,780	88,515
commissioner of domestic Tax (fringe benefit tax)	7,267,716	-
Total	46,805,096	88,515

8. Depreciation and Amortization Expense

Description	2022/23	2021/22
	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	-	-

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Access Bank- Mortgage and Car Loan Account	55,171	56,971
KCB Bank- Mortgage and Car Loan Account	8,767	38,099,597
Family Bank	615,555	0
Fixed deposits account		
On – call deposits		
Current account		
Others		
Total cash and cash equivalents	679,493	38,156,568

The County Assembly opened a recurrent account at Family Bank, Eldoret branch during the year under review.

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

Financial institution	Account number	2022/2023	2021/2022
		KShs	KShs
a) Fixed deposits account			
Access Bank		--	--
Equity Bank, etc		-	-
Sub- total		-	-
b) Current Account			
Access Bank	0030130000053	55,171	56,971
Kenya Commercial bank	1198735740	8,767	38,099,597
Family Bank	085000067887	615,555	0
Sub- total		679,493	38,099,597
c) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M -Pesa		-	-
Sub- total		-	-
Grand total		679,493	38,156,568

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12.Receivables from exchange transactions

Description	2022/2023	2021/2022
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due		
Other exchange debtors-Uasin Gishu County Assembly	111,246,142	71,344,550
Less: impairment allowance		
Total Current receivables	111,246,142	71,344,550
Non-Current receivables		
Long term loan repayments due	220,022,627	67,222,705
Total Non- current receivables	220,022,627	67,22,705
Total receivables from exchange transactions	331,268,769	138,567,255

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	220,022,627	67,222,705
Accrued principal from long-terms loans from previous periods	111,246,142	71,344,550
Current portion of long-term loans issued in the current year	186,387,696	-

Part of the interest receivable come from loans of kshs 186,387,696 issued to members of the Fund during the year under review.

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Prepayments

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

Inventories

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

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Notes To The Financial Statements (Continued)

13. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

Uasin Gishu County assembly mortgage and car loan scheme Fund
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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
-	-	-	-	-	-

Uasin Gishu County assembly mortgage and car loan scheme Fund
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Notes To The Financial Statements (Continued)

14 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 payable s from exchange transactions

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	91,600	91,600
Recoveries on loans not issued to members	6,584,016	-
Total trade and other payables	6,675,616	91,600

Accrued expenses of ksh 91,600 relates to allowances payable to members of the Fund committee, while recoveries made of ksh 6,584,016 relates to recoveries made in respect of loans to be issued to members of the Fund once they are through with the fulfillment of legal requirements necessary for them to access the loans.

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18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2022)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilized	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2023)	-	-	-	-

Uasin Gishu County assembly mortgage and car loan scheme Fund
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Notes To The Financial Statements (Continued)

Borrowings

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance At Beginning of The Period	71,344,550	-
External Borrowings During the Year	-	-
Borrowings by the county assembly from the Fund During the Year	113,401,592	71,344,550
Repayments by county Assembly for Borrowings obtained from the Fund During the Period	73,500,000	-
Balance due to the Fund At End of The Period	111,276,142	71,344,550

The above borrowings relates to borrowings from the Fund by the related party, Uasin Gishu county Assembly during the financial year under review.

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

	2022/2023	2021/2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization	-	-
Sterling Pound Denominated Loan From 'Y Organization	-	-
Euro Denominated Loan from Z Organization	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

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

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

Uasin Gishu County assembly mortgage and car loan scheme Fund
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Notes To The Financial Statements (Continued)

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	-	-	-	-	-

Cash generated from operations

	2022/2023	2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		-
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	5,445,519	3,111,460
Receipts from other operating activities		19,577,925
Receipt from county Treasury	90,000,000	
Receipt from recoveries on loans not issued	6,584,016	
Fund administration expenses		-
General expenses	(7,293,496)	(8,865)
Other payments	(113,401,592)	(71,344,550)
Net Cash Flow From Operating Activities	(18,665,553)	(48,664,034,030)

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

**Uasin Gishu County assembly mortgage and car loan scheme Fund
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Other Disclosures

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 Party- County Government- For operations	90,000,000	-
Transfers From Related Party- County Government- For additional capital to the Fund	100,000,000	
Transfers To Related Parties- To County Assembly	113,401,592	71,344,550

The Fund received kshs 190,000,000 from county Treasury and transferred kshs 113,401,592 to the county Assembly during the period under review.

c) Key management remuneration

	2022/2023	2021/2022
	Kshs	Kshs
Fund Committee Members	-	-
Key Management Compensation	-	-
Total	-	-

Uasin Gishu County assembly mortgage and car loan scheme Fund
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d) Due from related parties

	2022/2023	2021/2022
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government	111,246,142	71,344,550
Total	111,246,142	71,344,550

The amount due from related party relates to the reconciled amount due from the Fund to the county Assembly

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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	91,600	91,600
Total	91,600	91,600

f) Contingent assets and contingent liabilities

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

There was no case against the County Fund.

g) 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 minimize 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:

Credit risk

The Fund has exposure to credit risk, which is the risk that a counter party 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

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by the entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2023				
Receivables from exchange transactions	331,268,769	331,268,769	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	679,493	679,493	-	-
Total	331,948,262	331,948,262	-	-
At 30 June 2022				
Receivables from exchange transactions	138,567,255	138,567,278	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	38,156,568	38,156,568	-	-
Total	176,723,823	176,723,846	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 non collectable amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from loans issued to members of the fund. 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.

Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts

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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 2023				
Trade parables	-	-	91,600	91,600
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	6,584,016	6,584,016
Total	-	-	6,675,616	6,675,616
At 30 June 2022				
Trade parables	-	-	91,600	91,600
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	91,600	91,600

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Market risk

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

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

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

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

Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Parables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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The fund does not operate with foreign currency.

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavored 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.

Uasin Gishu County assembly mortgage and car loan scheme Fund
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Capital risk management

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

	2022/2023	2021/2022
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	244,000,000	144,000,000
Accumulated surplus	32,632,223	29,529,628
Total funds	276,632,223	173,529,628
Total borrowings	-	-
Less: cash and bank balances	679,493	38,156,568
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

**Uasin Gishu County assembly mortgage and car loan scheme Fund
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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.

FOLLOW UP TO PRIOR YEAR AUDITOR’S RECOMMENDATION

10.0 Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2021/2022 financial year of which no report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to section 149(2)(1) of the public finance management act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. As summarized below:

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.Outstanding Loans	The statement of financial position reflects long-term receivables balance of Kshs.67,071,925. Included in this amount is outstanding loans totaling KShs.300,526 owed by two former Members of County Assembly (MCA). The Fund Management however, failed to recover the loan within the five-year term of the assembly. Although the Management explained that the outstanding amounts would be deducted from their terminal dues, no	The management has initiated the process of recovering the outstanding loan from the respective members	Not resolved	January 2024

**Uasin Gishu County assembly mortgage and car loan scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	evidence was provided to confirm that the MCA's outstanding dues will be sufficient to offset the outstanding loans.			
2.0 non -performing long term loan	<p>The statement of financial position reflects long -term receivables from exchange transactions balance of kshs. 67,222,705 as disclosed in note 12 to the financial statements which includes a car loan amounting to kshs.3,800,000 advanced in December 2016 to one member. However, as previously reported, the member had paid kshs. 2,473,666. as at December 2018 resulting in unpaid balance of kshs. 1,326,334. There was no evidence that additional loan payments had been received from the member since December ,2018 to the time of audit completion.</p> <p>In the circumstances, the long term receivable from the exchange transaction of kshs 1,326,334 could not be confirmed</p>	<p>he management has initiated the process of recovering the outstanding loans from the respective member.</p>	Not resolved	Will be resolved on or before the end of 31 st March 2024.

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