

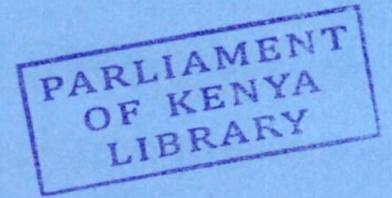
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



OF

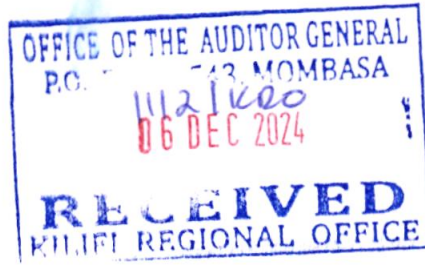
THE AUDITOR-GENERAL

ON

**KILIFI COUNTY CAR LOAN AND
MORTGAGE SCHEME FUND**

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

PAPERS LAID	
DATE	25/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Maalim



KILIFI COUNTY CAR LOAN AND MORTGAGE SCHEME FUND
AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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

Kilifi County Car Loan and Mortgage Scheme Fund
Amended Annual Report and Financial Statements for the year ended June 30, 2024

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ACRONYMS

Acronym	Meaning
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission
CECM	County Executive Committee Member
Kshs	Kenya Shillings

1. KEY FUND INFORMATION AND MANAGEMENT

a) Background information

The Kilifi County Car Loan and Mortgage Scheme Fund was established and derives its authority and accountability from the provisions under Section 116 of the PFM Act, 2012 and Section 167 of the PFM Act, 2012 and Salaries and Remuneration Commission (SRC) Circular SRC/CGOVT/3/61 dated 30th September, 2014.

In the fiscal year 2015-2016, the Kilifi County Car and Mortgage Scheme Fund was created as a dynamic revolving fund, in accordance with the Salaries and Remuneration Commission (SRC) Circular ref No. SRC/ADM/CIR/1/13 Vol. III (128) dated December 17, 2014. This directive outlined the Mortgage and Car Loan Schemes for State Officers and other Public Officers within the Government of Kenya.

The Fund officially began its operations in the fiscal year 2022-2023, successfully facilitating three (3) car loans and fifteen (15) mortgages, totalling Kshs 102,103,226. During the year under review, a total of Kshs. 121,208,618 in loans were disbursed comprising of twenty-one (21) new mortgages and one (1) car loan of Kshs. 119,708,618 and Kshs. 1,500,000 respectively.

The fund has been designed to offer financing solutions for the acquisition of motor vehicles for personal use, property acquisition, property development and residential property renovation. The fund aims to support the financial needs of its members.

The Fund remains excited and committed in its journey to delivering valuable financial services to our members while upholding the highest standards of transparency and accountability. Moving forward, we look forward to engaging and collaborating with external stakeholders to mutually benefit from the opportunities our fund brings to its members.

The Fund is wholly owned by the County Executive of Kilifi and is domiciled in Kilifi-Kenya.

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b) Principal Activities

The principal activity of the Fund is to provide loans to staff employed in the Executive Arm of the County Government of Kilifi for;

- i) The acquisition of motor car for their personal use.
- ii) Mortgage loans to members for the purpose of;
 - a. Purchasing an existing residential property;
 - b. Development of residential property on existing land;
 - c. Purchase of land and construction of residential property;
 - d. Construction, renovation and /or improvement of existing residential property;

The Fund is administered by the Kilifi County Car loans and Mortgage Scheme Fund Management Committee. The committee is charged with the responsibility of approving loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

Core Objectives

Providing accessibility and delivery of valuable financial services to our members while upholding the highest standards of transparency, accountability and integrity.

c) Kilifi County Car Loan and Mortgage Fund Management Committee

No	Name	Position
1	Winnie Wakati Luwali	Chief Officer Finance/ Chairperson Fund Management Committee
2	Joe Ndundi Tete	Chief Officer- Lands, Energy & Physical Planning/ Member
3	Vincent Mwalimu Lugwe	Director of Human Resources / Member
4	Henry Kazungu Lughanje	County Attorney / Member
5	David Ngombo	Assistant Director of Housing / Member

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No	Name	Position
6	Kimanthi Moki	Director of Transport / Member
7	Wilson Amani Yaa	Ag. Secretary County Public Service Board / Member
8	Grace Mulaa Dzombo	Fund Administrator / Secretary

d) Key Management team

Ref	Name	Position
1	Grace Mulaa Dzombo	Fund Administrator / Secretary

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Director Internal Audit	Keziah Wangui Mugambi

f) Registered Offices

P.O. Box 519 -80108
Kilifi County Treasury Building
Bofa Road, Kilifi
Kilifi, KENYA

g) Fund Contacts

P.O Box 519 – 80108, Kilifi
E-mail: cgkmortgage@kilifi.go.ke
Website: www.kilifi.go.ke

h) Fund Bankers

Kenya Commercial Bank
Kilifi Branch
P.O Box 528 – 80108
Kilifi, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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




k) County Attorney


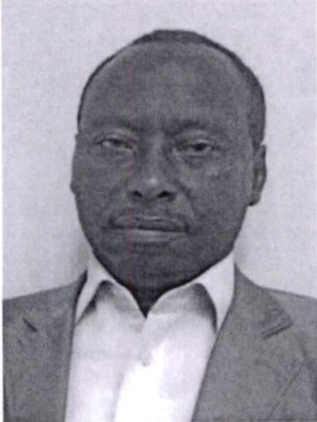
The County Attorney
County Executive of Kilifi
Kilifi Plaza, 3rd Floor
P.O Box 519-80108

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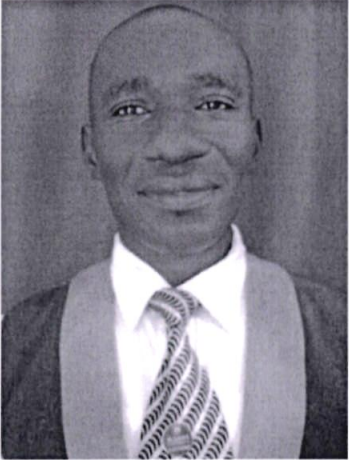
2. FUND MANAGEMENT COMMITTEE

Ref	Name	Details of qualifications and experience
1.	 Winnie Wakati Luwali Chief Officer Finance/ Chairperson; Fund Management Committee	<ul style="list-style-type: none">• Born in 1990. Winnie Luwali, was appointed as Chairperson of the Fund Management Committee on December 8, 2022.• She holds a Bachelor of Commerce degree from the University of Eastern Africa, complemented by a Master's in Business Administration (Strategic Management) from the University of Nairobi• She currently serves as the Chief Officer Finance, having held a prior role as a board member of the Kilifi County Public Service Board.
2.	 Joe Ndundi Tete Chief Officer- Lands, Energy & Physical Planning/ Member	<ul style="list-style-type: none">• Born in 1965. Joe Tete, was appointed as a member of the Fund Management Committee on December 8, 2022.• He holds a Bachelor's in Land Survey Technology degree from Technical University of Kenya and a Master of Science in Geoinformatics from Taita Taveta University.• He is currently serving as the County Chief Officer in charge of Economic Planning under the County Government of Kilifi. He is also a long serving graduate land surveyor in both public and private sector.
3.	 Henry Kazungu Lughanje County Attorney / Member	<ul style="list-style-type: none">• Born in 1959. Henry Kazungu Lughanje, was appointed as a member of the Fund management Committee on December 8, 2022.• He holds a Bachelor's degree in law from the University of Nairobi• He is a seasoned advocate with a background in private practice and is currently serving as the County Attorney for the County Government of Kilifi.

Ref	Name	Details of qualifications and experience
4.	 <p>Vincent Mwalimu Lugwe Director Human Resource Management/ Member</p>	<ul style="list-style-type: none">• CHRP. Lugwe Mwalimu Vincent was born in 1986. He was appointed to the Fund Management Committee on December 8, 2022. A position he has held up to June 2024.• He is a holder of a Bachelor of Education (Arts) degree from Kenyatta University and a Master of Science (MSc) in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology. Additionally, he holds a Certified Human Resource Professional CHRP (K).• He served in the role of Director Human Resource and has prior experience of being County Chief Officer in various departments in the County Government of Kilifi.
5.	 <p>Kimathi Moki Kiema Director Transport / Member</p>	<ul style="list-style-type: none">• Moki was born in 1964. He was appointed as a member of the Fund Management Committee on October 28, 2020. A position he has held up to June 2024.• He holds a Higher Diploma in Mechanical Engineering, earned from Mombasa Polytechnic and an International Diploma in logistics and Transport from the Chartered Institute of Logistics & Transport (UK)• He served in the position of Director of Transport under the County Government of Kilifi. Prior to this he held the position of Chief Superintendent Mechanical (MVP) at County Government of Mombasa.


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Ref	Name	Details of qualifications and experience
6.	 <p>David Ngombo Assistant Director Housing/ Member</p>	<ul style="list-style-type: none"> • Born in 1985. David Ngombo was appointed as a member of the Fund Management Committee on October 28, 2020. • He holds a Bachelor's degree in Civil and Construction Engineering from the University of Nairobi. He is also a registered member of the Engineers Board of Kenya. • He is currently serving as the Assistant Director of Housing and Estate Management within the County Government of Kilifi. Previously, he held the position of Senior Estate Management Officer with the State Department of Housing and Urban Development in Nairobi.
7.	 <p>Wilson Amani Yaa Ag. CEO County Public Service Board / Member</p>	<ul style="list-style-type: none"> • Born in 1978. CMEP Wilson was appointed as a member of the Fund Management Committee on March 14, 2023. • He holds a Bachelor of Arts (Hons.) degree in Integrated Community Development from Daystar University. A Masters of Arts degree in Global Development and Social Justice from St. John's University, a Masters of Arts degree in Monitoring and Evaluation from African Nazarene University and a Diploma in Supplies Management from the former Mombasa Technical Training Institute. • He is a certified monitoring and evaluation professional (CMEP) and a member of the Kenya Institute of Management (KIM), Development Studies Association (DSA) and Evaluation Society of Kenya (ESK). • He served in the Position of Acting Board Secretary/Chief Executive Officer up-to June 2024. Prior to this he served as the Director of Strategy, Policy, Human

Kilifi County Car Loan and Mortgage Scheme Fund


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Ref	Name	Details of qualifications and experience
		Resources and Operations at the Kilifi County Public Service Board.
8.	 CPA Grace Mula Dzombo Fund administrator	<ul style="list-style-type: none">• Grace M. Dzombo, born in 1988, was appointed as the Fund Administrator on 28th October 2020.• She holds a Bachelor of Commerce degree in Finance from Kenyatta University and is currently pursuing a Master of Business Administration (MBA) at the University of Nairobi. Additionally, she is a Certified Public Accountant of Kenya (CPA(K)).• She serves in the role of a Senior Accountant within the Finance Department of the County Government of Kilifi and has prior experience as a Grant Accountant at the National Aids Control Council and Pricewaterhouse Coopers Limited.

Kilifi County Car Loan and Mortgage Scheme Fund

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3. MANAGEMENT TEAM

Ref	Name	Details of qualifications and experience
1.	 <p>CPA Grace Mulaa Dzombo Fund administrator</p>	<ul style="list-style-type: none">• Grace M. Dzombo, born in 1988, was appointed as the Fund Administrator on 28th October 2020.• She holds a Bachelor of Commerce degree in Finance from Kenyatta University and is currently pursuing a Master of Business Administration (MBA) at the University of Nairobi. Additionally, she is a Certified Public Accountant of Kenya (CPA(K)).• She serves in the role of a Senior Accountant within the Finance Department of the County Government of Kilifi and has prior experience as a Grant Accountant at the National Aids Control Council and Pricewaterhouse Coopers Limited.

4. CHAIRPERSON'S REPORT

The Kilifi County Government initiated the Kilifi County Car Loan and Mortgage Scheme Fund in 2015, aligning it with the Salaries and Remuneration Commission Guidelines. Designed to help staff acquire residential homes and motor vehicles, this initiative acts as a powerful incentive to attract, retain, and motivate our employees. Official operations of the Fund started in the fiscal year 2022-2023 with a revoted budget of Kshs 39,000,000 and funding of Kshs 120,000,000. Additional funding during the year under review was Kshs 50,000,000.

The financial statements of the Kilifi County Car Loan and Mortgage Scheme Fund for the Fiscal Year 2023/2024 provide a comprehensive overview of the Fund's financial performance over the past year.

Sustainability

The County Government of Kilifi has generously funded this initiative with a total funding of Ksh 209,000,000 as of the reporting date. This substantial support has sparked growing interest among our staff in the car loan and mortgage options and the Scheme remains dedicated to educating its members and continuously refining processes to ensure optimal utilization of this facility.

The Fund and its stakeholders are placing a strong emphasis on sustainability, focusing on both investments and resource mobilization. Our goal is to secure the Fund's continued operation as a sustainable entity.

Board and Management Changes

The governance and management of the Scheme strictly adhere to the regulations outlined in the Kilifi Car Loan and Mortgage Scheme Fund Regulations, 2020, as well as the guidelines provided by the Salaries and Remuneration Commission.

In the year under review, significant changes occurred in key management positions as a result of appointments in accordance with the regulations governing the Fund Management Committee. The appointments made during this period included Mr. Davison Karisa as Director of Transport, replacing the retiring Mr. Kimathi Moki while Mr. Gideon Mumba was appointed as Acting CEO of the County Public Service Boards, succeeding Mr. Wilson Yaa. Additionally, Mr. Jackson

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Mweni took on the role of Director of Human Resources, following the resignation of Mr. Vincent Lugwe, who left for new career opportunities. Despite these changes, the Fund's operational effectiveness remained consistent.

Review of performance

Income

Total income during the year was Kshs. 9,801,905 comprised of Interest income of Kshs. 5,133,255, other income of Kshs. 4,538,250 and public contributions of Kshs. 130,400. During the year under review, disbursements to the fund from the County Treasury was Kshs.50,000,000.


Expenditure

The total expenditures during the period under review amounted to Kshs. 11,296,419 which was composed of fund administration expenses.

Future Outlook

Our vision for the Kilifi County Car and Mortgage Scheme Fund in the upcoming fiscal year, 2024/2025 is brimming with promise. The positive impact of our program is already evident, significantly uplifting the lives of our dedicated staff and their families. We are committed to establishing the fund as a strong and sustainable financial resource. By fostering a highly motivated workforce and enhancing our operational efficiency, we aim to achieve unparalleled effectiveness.

As we strive towards these goals, we look forward to the continued support from the county government. Their collaboration is crucial in helping us fulfill our mission and maximize the benefits for the community and the region. In conclusion, the Kilifi County Car Loan and Mortgage Scheme Fund is a testament of our unwavering commitment to our employees' welfare and our dedication to achieving broader national objectives.



Date

5/12/2024

Hezekiah Mwarua

Chairperson, Fund Management Committee

5. REPORT OF THE FUND ADMINISTRATOR

The Kilifi County Car Loan and Mortgage Scheme Fund, established in accordance with existing government regulations, proudly presents its Financial Statements for the year ending June 30, 2024. These Financial Statements encompass the statement of financial performance, statement of financial position, statement of changes in net assets, and statement of cash flow.

Our commitment to prudent financial management and reporting is in strict adherence to the Public Finance Management (PFM) Act, 2012; Public Financial Management (County Government) Regulations, 2015, and International Public Sector Accounting Standards (IPSAS).

The Kilifi County Car Loan and Mortgage Fund management committee, in collaboration with the loan's appraisal committee, oversees the implementation and administration of the Scheme. These committees convene regularly to assess loan applications and provide recommendations. Since its inception, the Kilifi County Executive has allocated a total of Ksh 209,000,000 to the scheme of which Ksh 50,000,000 was received in the fiscal year under review.

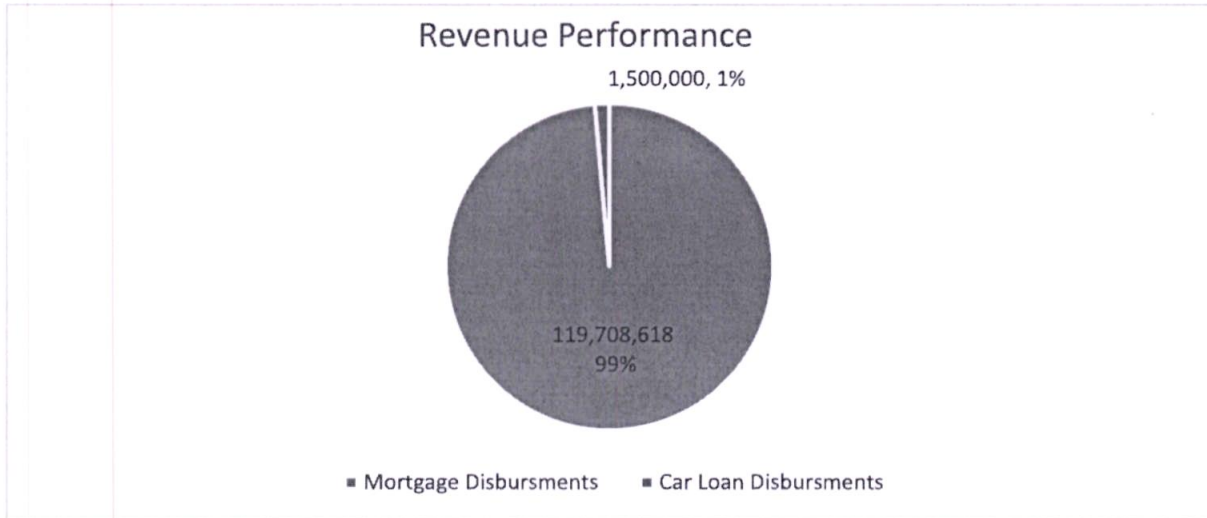
Financial Performance

During the reporting period, the Kilifi County Car Loan and Mortgage Scheme Fund successfully facilitated 21 mortgages and 1 car loan to its staff. Consequently, the Fund reported proceeds from Loan principal repayments amounting to Ksh 14,779,271 whilst a total of Ksh 121,208,618 was disbursed to support staff mortgages and car loans.

The table below, presents an analysis of revenue performance during the year.

	Car Loan & Mortgage (Kshs)
Revolving Funds	209,000,000
Transfer Fy 2023/2024 from County Government	50,000,000
Car Loans issued	1,500,000
Mortgage loans issued	119,708,618

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Conclusion

The remarkable growth in our Fund’s portfolio, driven by the increased uptake of car and mortgage facilities, heralds a bright future for our Scheme. As we chart our course for the upcoming year, we are committed to fostering an environment that maximizes productivity by offering a competitive loan scheme for our staff.

Through the Fund sensitization exercise undertaken during the financial year under review, we have been able to pinpoint areas for enhancement and are dedicated to addressing these gaps in the years ahead. Our steadfast commitment remains focused on our mission to provide financial support to our beneficiaries, while maintaining the highest standards of transparency and financial accountability, in full compliance with governmental regulations and international accounting norms.

We extend our deepest gratitude to the Kilifi County Executive for their unwavering support, and to our dedicated committees, whose tireless efforts have transformed our schemes into invaluable resources for our staff.

I would also like to take this opportunity to express my heartfelt appreciation to the Fund management committee for their steadfast support, and to the loan appraisal committee for their relentless efforts in ensuring we fulfill our mandate effectively.

I encourage all staff members to take full advantage of these facilities to enhance their welfare and to remain resilient and focused in their duties.

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 entity 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 strategic objectives for the Fund are stated in the Kilifi County Integrated Development Plan (CIDP) 2023-2027 Plan. However, to achieve the objective of the Salaries and Remuneration Commission (SRC) circular Ref. No SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 that initialized the establishment of the fund, the Fund incorporated the following as part of its strategic objectives;

- a.) To attract and retain productive and motivated human resources and improve staff living standards for smooth service delivery
- b.) Ensure that the Fund has relevant policies and activities in place to support the achievement and uptake of the facilities.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage and Car Loan facilities to all members of staff	To ensure all staff have access to Mortgage and Car Loan facilities	Number mortgages and Car Loans successfully applied	% of staff taking Mortgage and Car Loan facilities	During the FY 2023/2024, twenty-two (22) staff were facilitated with mortgages and car loans.

7. CORPORATE GOVERNANCE STATEMENT

The Kilifi County Car Loan and Mortgage Scheme Fund

The Kilifi County Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2020.

Its mandate is to provide car and mortgage loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the Fund management committee at its apex. The operations of the fund are governed by the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2020, the PFM Act, 2012, PFM Regulations, SRC Circulars and any other government legislations.

The Fund Management Committee

Section 6 & 10 of the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2020 provides for appointment of the Fund Management Committee and administrator of the fund. The committee shall be made up of six members including the Chairperson and a Secretary identified for appointment through the CECM Finance. The Fund management committee is responsible for the long-term strategic direction of the fund. It exercises leadership, enterprise, integrity and judgement in directing the Fund.

The committee are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the Fund management committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate.

All members of the Fund management committee have been taken through a comprehensive induction programme, and are adequately trained on their roles as members. The members are professional, committed and guided by the core values of the Fund in execution of their duties.

Committee Meetings

The committee meets at least once a month or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The committee also plays an oversight role over all other financial and operational issues. The committee held six full board meetings in the financial year under review as summarized below:

Fund Management Meeting Date	Members Present
22 nd September, 2023	Ms Winnie Wakati Luwali Mr Henry Lughanje Mr. Wilson Yaa Mr. Vincent Lugwe Mr. Kimanthi Moki Mr. David Ngombo Ms Grace Mulaa Dzombo Ms Rehema Wasi Mwabaya Mr Bonaventure Mwakio
2 nd October, 2023	Ms Winnie Wakati Luwali Mr. Vincent Lugwe Mr. Kimanthi Moki Mr. David Ngombo Ms Grace Mulaa Dzombo Ms Rehema Wasi Mwabaya
8 th January, 2024	Ms Winnie Wakati Luwali Mr. Vincent Lugwe Mr. Kimanthi Moki Mr. David Ngombo Ms Grace Mulaa Dzombo Ms Rehema Wasi Mwabaya

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Fund Management Meeting Date	Members Present
15 th February, 2024	Mr. Vincent Lugwe Mr. Kimanthi Moki Mr. David Ngombo Ms Grace Mulaa Dzombo Ms Rehema Wasi Mwabaya
10 th April, 2024	Ms Winnie Wakati Luwali Mr. Vincent Lugwe Mr. Kimanthi Moki Mr. David Ngombo Ms Grace Mulaa Dzombo Ms Rehema Wasi Mwabaya
5 th June, 2024	Ms Winnie Wakati Luwali Ms Grace Mulaa Dzombo Mr. Kimanthi Moki Mr. Wilson Yaa Ms Rehema Wasi Mwabaya

Succession Plan

The appointment, removal, and succession of the members of the Fund Management Committee are determined by virtue of the officeholder as specified in section 6 (1) of the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2020.

8. MANAGEMENT DISCUSSION AND ANALYSIS

a. Operational and financial performance of the Fund during the period

During the financial year 2023/2024, Actual Loan disbursement totalled to Kshs. 121,208,618 whilst repayments of loan principal amounted to Kshs. 14,779,271. Included in the loan amount are Mortgages amounting to Kshs. 119,708,618 issued to twenty one (21) employees and Car loans amounting to Kshs. 1,500,000 issued to one (1) employee.

Fund administration expenses amounted to Kshs. 11,296,419 which included bank charges of Ksh. 22,868.

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

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

b. Fund's Key Projects or Investments Decision implemented or ongoing

The Fund has continued to invest in the car loan and mortgage scheme for the staff. This is intended to provide affordable housing for staff while at the same time facilitating their staff to conveniently commute to and from work.

c. Fund's compliance with statutory requirements

The Fund complied with all its statutory and tax obligations in the implementation of its mandate. Further the Fund complied with all the necessary laws and regulations applicable in the management of the funds

d. Risk management activities

The Scheme is putting in place a risk management framework for risk identification and mitigation. Further, it has embedded risk management in all its planning, execution, evaluation and business continuity arrangements.

Some of the key risks facing the scheme fund include:

- i. **Strategic Risks:** These are risks that affect the ability to carry out the long-term goals and objectives of the fund due to inadequate funding.
- ii. **Compliance Risks:** These are risks associated with non-compliance with applicable laws and regulations could result in litigation and conflict of interest.

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- iii. **Financial Risks:** The risk of financial loss that may include ineffectiveness of internal controls, inadequate funding, inability to service the loans and delay in financial reporting due to reliance on third party financial information. The delaying funding may also result in the Fund's inability to fund all the applications hence delay in issuing loans and acquisition of the properties.
- iv. **Operational Risk:** The risk of direct and indirect loss or inability to provide core services especially to stakeholders, resulting from inadequate or failed financial processes, resources and systems.

e. Financial Probity and Governance

To obtain assurance on compliance and prudence in the management of the fund finances, the Scheme prepares the financial statements for the Car Loan and Mortgage funds which are subjected to both internal and external audit. The audit findings and recommendations will enable the Fund to strengthen the fund operational and financial systems.

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9. REPORT OF THE FUND MANAGEMENT COMMITTEE

The Fund Management Committee submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The Fund's principal activities involve providing loans to staff employed in the Executive Arm of the County Government of Kilifi for;

- i) The acquisition of motor car for their personal use.
- ii) Mortgage loans to members for the sole purpose of;
 - a. Purchasing an existing residential property;
 - b. Development of residential property on existing land;
 - c. Purchase of land and construction of residential property;
 - d. Construction, renovation and /or improvement of existing residential property

Results

The results of the Fund for the year ended June 30, 2024 are set out on pages 1 to 5.

Fund Management Committee

The governance and management of the Scheme strictly adhere to the regulations outlined in the Kilifi Car Loan and Mortgage Scheme Fund Regulations of 2020, as well as the guidelines provided by the Salaries and Remuneration Commission.

The members of the Fund management who served during the year are as shown on page ix to xiii.

In the year under review, significant changes occurred in key management positions as a result of appointments in accordance with the regulations governing the Fund Management Committee as shown below:

S/No.	Name	Position in committee	Period Served
1	Mr. Vincent Lugwe	Member/Director Human Resource	27 th October 2022 to 20 th February 2024
2	Jackson Mweni		June 2024 - Current
3	Mr Wilson Amani Yaa		8 th December 2022- 10 th June 2024

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S/No.	Name	Position in committee	Period Served
4	Mr Gideon Mumba	Member/ Ag CEO County Public Service Board Member	June 2024 - Current
5	Mr Kimathi Moki	Member/Director Transport	27 th October 2022- 10 th June 2024
6	Mr Davison Karisa		June 2024 - Current

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act, 2015.

By Order of the Fund Management Committee.



.....
Hezekiah Mwarua

Chairperson, Fund Management Committee

Date: 5/12/2024.....

10. 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 Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

In preparing the financial statements, the Administrator of the 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 5th December, 2024 and signed on its behalf by:



.....

CPA Grace Mulaa Dzombo
Fund Administrator
Kilifi County Car Loan & Mortgage Scheme Fund

REPUBLIC OF KENYA

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NAIROBI

Enhancing Accountability

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kilifi County Car Loan and

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

Mortgage Scheme Fund set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccurate Revenue from Non-Exchange Transactions

The statement of financial performance reflects revenue from non-exchange transactions totalling Kshs.130,400 as disclosed in Note 1 to the financial statements. However, the amount excludes Kshs.5,439,144 being a three percent (3%) portion of the approved budget of the Fund totalling Kshs.181,304,794 to cater for fund administration expenses.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions totalling Kshs.130,400 could not be confirmed.

2. Inaccurate Fund Administration Expenses

The statement of financial performance and Note 4 to the financial statements reflects fund administration expenses totalling Kshs.11,296,419. Included in this expenditure is legal fees and insurance costs totalling Kshs.2,100,000 and Kshs.3,480,750 respectively which is a portion of the loans advanced, borne by the loanees and which has been included in the loan amounts issued.

In the circumstances, the accuracy of the fund administration expenses totalling Kshs.11,296,419 could not be confirmed.

3. Inaccurate Receivables from Exchange Transactions Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.206,355,342. The balance includes Kshs.496,639 and Kshs.205,858,703 in respect of current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions respectively. However, a balance of Kshs.23,571,447 being a portion that is realizable within one (1) year and which should have been disclosed as current portion of long-term receivables

from exchange transactions, as part of current assets, was included in the long-term receivables from exchange transactions.

In the circumstances, the accuracy, disclosure and completeness of receivables from exchange transactions balance could not be confirmed.

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.181,304,794 and Kshs.131,084,065 respectively resulting to an under-funding of Kshs.50,220,729 or 28% of the budget. Similarly, the Fund spent an amount of Kshs.132,505,037 against actual receipts of Kshs.131,084,065 resulting to an over-utilization of Kshs.1,420,972 or 0.01%.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section. There were no key audit matters in the year under review.

Other Information

The Management is responsible for the other information set out on page iii to xxiv which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board, Statement of Management's Responsibilities, Statement of Performance Against County Fund's Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Issuance of Loan

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.205,858,703. Included in the balance is Kshs.1,500,000 issued as car loan to a borrower. However, the logbook was not provided to confirm whether it was issued jointly between the financier and the borrower in accordance with to Regulation 14(3) of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020. In addition, an amount of Kshs.5,500,000 was issued as mortgage to a borrower however the charge registered on the property financed through the loan, granted with the name of the County entered in all documents of title, as required by Regulation 32 of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020 was not provided.

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

2. Failure to Insure Loans

The statement of financial performance and Note 4 to the financial statements reflects funds administration expenses totalling Kshs.11,296,419. Included in this expenditure is Kshs.3,480,750 relating to insurance costs. Out of the twenty-two (22) members who were issued with new loans during the year under review, three (3) members did not insure their loans totalling Kshs.17,049,474 contrary to the Regulation 16 and Regulation 33 of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

Failure to Act on Internal Audit Reports

Review of internal audit reports revealed that Kilifi County Car loan and Mortgage Scheme Fund had been audited during the financial year under review. However, there was no evidence that accounting officer developed and submitted response and action plan as required by Section 165 of Public Finance Management (County Governments) Regulations, 2015. Further, audit recommendations implementation status report was not prepared by the internal auditor.

In the circumstances, the effectiveness of Management action on Internal Audit Reports by the board, could not be confirmed.

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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024


Kilifi County Car Loan and Mortgage Scheme Fund


Amended Annual Report and Financial Statements for the year ended June 30, 2024

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	130,400	-
		130,400	-
Revenue From Exchange Transactions			
Interest Income	2	5,133,255	29,801
Other Income	3	4,538,250	4,248,525
		9,671,505	4,278,326
Total Revenue		9,801,905	4,278,326
Expenses			
Fund Administration Expenses	4	11,296,419	4,655,360
Total Expenses		11,296,419	4,655,360
Other Gains/Losses			
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		(1,494,514)	(377,034)

(The notes set out on pages 1 to 5 form an integral part of these Financial Statements)


.....
Name: CPA Grace Mulaa Dzombo
Administrator of the Fund
ICPAK Member Number: 26813


.....
Name: CPA David Ingosi Kazungu
Fund Accountant
ICPAK Member Number: ASSOC/3614

13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Description	Note	2023 -2024	2022 -2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	772,910	56,502,889
Current Portion of long-term receivables from Exchange Transactions	6	496,639	16,651
Total current assets		1,269,549	56,519,540
Non-Current Assets			
Long-Term Receivables from Exchange Transactions	7	205,858,703	102,103,226
Total non- current assets		205,858,703	102,103,226
Total Assets (A)		207,128,252	158,622,766
Liabilities			
Current Liabilities			
Total current liabilities		-	-
Non-Current Liabilities			
Total Liabilities (B)		-	-
Net Assets (A-B)		207,128,252	158,622,766
Represented By:			
Revolving Fund		209,000,000	159,000,000
Accumulated Surplus		(1,871,748)	(377,234)
Net Assets		207,128,252	158,622,766

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 December 5, 2024. and signed by:

.....
 Name: CPA Grace Mulaa Dzombo
 Administrator of the Fund
 ICPAK Member Number: 26813

.....
 Name: David Ingosi Kazungu
 Fund Accountant
 ICPAK Member Number: ASSOC/3614

Kilifi County Car Loan and Mortgage Scheme Fund

Amended Annual Report and Financial Statements for the year ended June 30, 2024

14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Description	Car Loan & Mortgage Scheme Fund	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance As At 1 July 2022	39,000,000	(200)	38,999,800
Surplus/(Deficit) For the Period	-	(377,034)	(377,034)
Funds Received During the Year	120,000,000	-	120,000,000
Balance As At 30 June 2023	159,000,000	(377,234)	158,622,766
Balance As At 1 July 2023	159,000,000	(377,234)	158,622,766
Funds Received During the Year	50,000,000	-	50,000,000
Surplus/(Deficit) For the Period	-	(1,494,514)	(1,494,514)
Balance As At 30 June 2024	209,000,000	(1,871,748)	207,128,252

Kilifi County Car Loan and Mortgage Scheme Fund**Amended Annual Report and Financial Statements for the year ended June 30, 2024****15. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2024****Direct Method**

Description	Note	2023- 2024	2022 -2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	130,400	-
Interest income on Staff Car and Mortgage Loans		4,653,266	13,150
Other Incomes (Receipts from other operating activities)	3	4,538,250	4,248,525
Total receipts		9,321,916	4,261,675
Payments			
Fund administration expenses	4	11,296,419	4,655,360
Total payments		11,296,419	4,655,360
Adjust for prior year adjustments			
Advanced Receipts		-	-
Prior year adjustments - Reversed cheque		2,673,870	-
Net cash flows from operating activities		699,367	(393,685)
Cash flows from investing activities			
Proceeds from loan principal repayments		14,779,271	99,645
Loan disbursements paid out		(121,208,618)	(102,202,871)
Net cash flows used in investing activities		(106,429,347)	(102,103,226)
Cash flows from financing activities			
Proceeds from revolving fund receipts		50,000,000	120,000,000
Net cash flows used in financing activities		50,000,000	120,000,000
Net increase/(decrease) in cash & cash Equivalents		(55,729,980)	17,503,088
Cash and cash equivalents at 1 July		56,502,889	38,999,800
Cash and cash equivalents at 30 June		772,910	56,502,889

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Kilifi County Car Loan and Mortgage Scheme Fund

Amended Annual Report and Financial Statements for the year ended June 30, 2024

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Description	Original budget	Adjustments		Final budget	Actual on comparable basis	Performance difference	% Utilization
		Opening Balances	Supplementary Revision				
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	B		C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue							
Public Contributions and Donations	-	-	130,400	130,400	130,400	-	100%
Transfers From County Govt.	200,000,000	56,502,889*	(100,000,000)	156,502,889*	106,502,889*	50,000,000	68%
Loan Repayments	20,000,000	-	(5,000,000)	15,000,000	14,779,271	220,729	99%
Other Income	-	-	9,671,505	9,671,505	9,671,505	-	100%
Budgeted Revenue	220,000,000	56,502,889	(95,198,095)	181,304,794	131,084,065	50,220,729	72%
Expenses							
Fund Administration Expenses	6,600,000	-	5,617,952	12,217,952	11,296,419	921,533	92%
Loans to Staff	213,400,000	56,502,889	(100,816,047)	169,086,842	121,208,618	47,878,224	72%
Budgeted Expenditure	220,000,000	56,502,889	(95,198,095)	181,304,794	132,505,037	48,799,757	73%

Budgetary notes

1. The statement of budgeted versus actuals reflects actual transfers from county government of Kshs. 106,502,889. However, the figure comprises current year disbursement of Kshs. 50,000,000 and Unspent prior year cash and cash equivalents of Kshs. 56,502,889.
2. Interest Income represents interest on loans issued and interest received from car loans and mortgage loans issued during the financial year ended 30 June 2024.
3. Fund Administration expenses represent the cost of operationalization of the fund. Budget absorption rate was 73%

17. SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Kilifi County Car Loan and Mortgage Scheme Fund entity is established by and derives its authority and accountability from the Public Finance Management Act (PFMA) 2012. The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya. The entity's principal activity is to provide financing to the members of staff employed under the Executive Arm of the County Government to purchase motor vehicle for personal use; purchase, develop, renovate or improvement of residential property.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings (**Kshs**), which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no impact on the Kilifi County Car Loan and Mortgage Scheme Fund</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024

	The standard has no impact on the Kilifi County Car Loan and Mortgage Scheme Fund
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard has no impact on the Kilifi County Car Loan and Mortgage Scheme Fund
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

(i) Early adoption of standards

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

Summary of Significant Accounting Policies (Continued)

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 2023-2024 was approved by the County Assembly on June, 30 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record any additional appropriations on the FY 2023/2024 budget following the County Assembly's approval.

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

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

Summary of Significant Accounting Policies (Continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Financial instruments

Initial recognition and measurement

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of

Summary of Significant Accounting Policies (Continued)

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

Summary of Significant Accounting Policies (Continued)

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Financial liabilities

Classification

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

c) 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.

d) 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.

Summary of Significant Accounting Policies (Continued)

e) Social Benefits

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

f) 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.

17.1.1. 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.

g) Changes in accounting policies and estimates

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

h) Related parties

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

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to

Summary of Significant Accounting Policies (Continued)

authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

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.

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

18. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2023 -2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	130,400	-
Total	130,400	-

Public contribution from partners relates to funding received to conduct awareness and sensitization of Fund activities

2. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans/ Car Loans	5,133,255	29,801
Total Interest Income	5,133,255	29,801

(Increase in interest income from car loans and mortgage loans resulted from an improved Fund operations)

3. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	52,500	-
Fees and other charges- Insurance and Legal	4,485,750	4,248,525
Total Other Income	4,538,250	4,248,525

4. Fund Administration Expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Administration Costs	1,005,000	1,251,200
Domestic travel and subsistence	2,055,680	205,600
Committee Allowances	133,000	354,000
Hospitality supplies and services	4,439,780	320,000
Insurance Costs	3,480,750	2,511,525
Printing And Stationery	159,341	-
Bank Charges	22,868	13,035
Total	11,296,419	4,655,360

Kilifi County Car loan & Mortgage Scheme fund
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Notes to the Financial Statements (Continued)

5. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	772,910	56,502,889
Total Cash and Cash Equivalents	772,910	56,502,889

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

Financial Institution	Account number	2023- 2024	2022-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank- CGK- Car Loan & Mortgage Scheme	1250660564	772,910	56,502,889
Grand- Total		772,910	56,502,889

6. Current Portion of Long-term receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable	496,639	16,651
Total	496,639	16,651

7. Long-Term Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Non-Current Receivables		
Long Term Principal Loan Due	205,858,703	102,103,226
Total Non- Current Receivables	205,858,703	102,103,226
Total Long-Term Receivables From Exchange Transactions	205,858,703	102,103,226

Notes to the Financial Statements (Continued)

8. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(1,494,514)	(377,034)
Adjusted For:		
Depreciation	-	-
Working Capital changes and other Adjustments		
Increase In Receivables	(479,988)	(16,651)
Prior Year Adjustment- Reversed Cheques	2,673,870	
Net Cash Flow from Operating Activities	699,368	393,685

(In-direct Method)

9. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	50,000,000	120,000,000

10. Financial risk management

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

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

Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024

Notes to the Financial Statements (Continued)

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	205,858,703	205,858,703	-	-
Bank Balances	772,910	772,910	-	-
Total	206,631,613	206,631,613	-	-
At 30 June 2023				
Receivables From Exchange Transactions	102,103,226	102,103,226	-	-
Bank Balances	56,502,889	56,502,889	-	-
Total	158,606,115	158,606,115	-	-

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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

Notes to the Financial Statements (Continued)

disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

*Kilifi County Car loan & Mortgage Scheme fund
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Notes to the Financial Statements (Continued)

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Debtors/ Receivables	205,858,703	-	205,858,703
Liabilities			
Trade And Other Payables	-	-	-
Net Foreign Currency Asset/(Liability)	205,858,703	-	205,858,703

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

Interest rate risk is the risk that the 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 endeavoured to bank with institutions that offer favourable interest rates.

Notes to the Financial Statements (Continued)

d) Capital risk management.

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revolving fund	209,000,000	159,000,000
Accumulated surplus	(1,871,748)	(377,234)
Total funds	207,128,252	158,622,766
Debt	-	-
Less: cash and bank balances	(772,910)	(56,502,889)
Net debt/(excess cash and cash equivalents)	(772,910)	(56,502,889)

11. Events after the reporting period

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

12. Ultimate and Holding Entity

The Kilifi County Car Loan & Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014 and Section 167 of the Public Finance Management Act (PFM) Act 2012. Its mandate is to provide car and mortgage loans to members of staff. The operations of the fund are governed by the Kilifi County Car Loan and Mortgage Scheme Fund Regulations, 2020, the PFM Act, 2012. PFM Regulations, SRC Circulars and any other government legislations.

Its ultimate parent is the County Government of Kilifi.

13. Currency

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

*Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024*

19. ANNEXES

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2022/2023(16)	<p><u>Budgetary Control and Performance</u></p> <p>The statement of comparison of budget and actual amounts for the year reflects the final budgeted receipts and actual on comparable basis of Kshs 163,769,794 and Kshs 159,029,601 respectively resulting in underfunding of Kshs 4,740,193(or 3%) of the budget. Similarly, the statement reflects actual expenditure of Kshs 106,758,586 against a final budget of Kshs 163,769,794 resulting in under absorption of Kshs 57,011,208 (or 35%) of the budget.</p> <p>The underfunding and under absorption affected the planned activities and may have impacted negatively on service delivery to the public</p>	Detailed explanation to observation given in the Audit Response	NOT RESOLVED	

*Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2021/2022(16)	<p style="text-align: center;"><u>Budgetary Control and Performance</u></p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Ksh 38,999,200. Similarly, the statement reflects actual expenditure of Kshs.200 during the year under review. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

*Kilifi County Car loan & Mortgage Scheme fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2021/2022(16)	<p><u>Late Submission of Financial Statements for the Fund</u></p> <p>The Kilifi County Car Loan and Mortgage Scheme Fund was initiated in 2016. The initial budgetary allocation of Kshs. 39,000,000 was paid into the Fund on 18 July, 2019. Management asserted that the Fund incurred no expenditure for lack of requisite approvals by the Controller of Budget and that Kilifi County Executive recognized the bank balance of the scheme bank account in its audited financial statements for the year under review.</p> <p>However, Management submitted the financial statements for audit on 22 January, 2024 contrary to regulation 10(1) (c) (d) and (e) of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020 which provides that the County Executive Committee Member for Finance and Economic Planning shall designate an</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

*Kilifi County Car loan & Mortgage Scheme fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>officer to be the Fund Administrator, who shall cause to be kept books of accounts and other books and records in relation to the Fund and all loans financed from the Fund, prepare, sign and submit to the Auditor General in respect of each financial year and within three (3) months after the end thereof to the County Treasury, a financial statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the fund and showing the expenditure incurred from the Fund, and such details as the County may from time to time direct in accordance with the Public Finance Management Act and furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General.</p>			

*Kilifi County Car loan & Mortgage Scheme fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2020/2021(15)	<p><u>Budgetary Control and Performance</u></p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Ksh 39,000,000. Similarly, the statement reflects Kshs. Nil actual expenditure during the year under review. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

*Kilifi County Car loan & Mortgage Scheme fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2020/2021(15)	<p>Late Submission of Financial Statements for the Fund</p> <p>The Kilifi County Car Loan and Mortgage Scheme Fund was initiated in 2016. The initial budgetary allocation of Kshs. 39,000,000 was paid into the Fund on 18 July, 2019. Management asserted that the Fund incurred no expenditure for lack of requisite approvals by the Controller of Budget and that Kilifi County Executive recognized the bank balance of the scheme bank account in its audited financial statements for the year under review.</p> <p>However, Management submitted the financial statements for audit on 22 January, 2024 contrary to regulation 10(1) (c) (d) and (e) of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020 which provides that the County Executive Committee Member for Finance and Economic Planning shall designate an officer to be the Fund Administrator, who shall cause to be kept books of accounts and other books and records in</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

***Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024***

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>relation to the Fund and all loans financed from the Fund, prepare, sign and submit to the Auditor General in respect of each financial year and within three (3) months after the end thereof to the County Treasury, a financial statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the fund and showing the expenditure incurred from the Fund, and such details as the County may from time to time direct in accordance with the Public Finance Management Act and furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General</p>			

*Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2019/2020(16)	<p><u>Budgetary Control and Performance</u></p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Ksh 39,000,000. Similarly, the statement reflects Kshs. Nil actual expenditure during the year under review. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

*Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/NCRO/AUD/5/2019/2020(16)	<p><u>Late Submission of Financial Statements</u></p> <p>The Kilifi County Car Loan and Mortgage Scheme Fund was initiated in 2016. The initial budgetary allocation of Kshs. 39,000,000 was paid into the Fund on 18 July, 2019. Management asserted that the Fund incurred no expenditure for lack of requisite approvals by the Controller of Budget and that Kilifi County Executive recognized the bank balance of the scheme bank account in its audited financial statements for the year under review.</p> <p>However, Management submitted the financial statements for audit on 22 January, 2024 contrary to regulation 10(1) (c) (d) and (e) of the Public Finance Management (Kilifi County Car and Mortgage Scheme Fund) Regulations, 2020 which provides that the County Executive Committee Member for Finance and Economic Planning shall designate an officer to be the Fund Administrator, who shall cause to be kept books of accounts and other books and records in</p>	Detailed explanation to observation given in the Audit Response	Not Resolved	

*Kilifi County Car loan & Mortgage Scheme fund
Amended Annual Report and Financial Statements For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	relation to the Fund and all loans financed from the Fund, prepare, sign and submit to the Auditor General in respect of each financial year and within three (3) months after the end thereof to the County Treasury, a financial statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the fund and showing the expenditure incurred from the Fund, and such details as the County may from time to time direct in accordance with the Public Finance Management Act and furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General.			

Hezekiah Mwarua
.....

Name: Hezekiah Mwarua
Chairperson/Fund Management Committee

Date: *5/12/2024*.....

Grace Mulaa Dzombo
.....

Name: Grace Mulaa Dzombo
Fund Administrator

Date: *05-12-2024*.....

Kilifi County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Annex II: Inter-Fund Confirmation Letter



KILIFI COUNTY CAR LOAN AND MORTGAGE SCHEME FUND
P.O BOX 519 – 80108
KILIFI

Confirmation of amounts received by the Kilifi County Car Loan & Mortgage Scheme Fund as at 30 June 2024.							
Amounts Disbursed by County Executive of Kilifi (Kshs) as at 30 th June 2024						Amount Received by [Kilifi County Car Loan and Mortgage Scheme Fund] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter- Ministerial (C)	Total (D)=(A+B+C)		
16	9 th October 2023	50,000,000	-	-	50,000,000	50,000,000	0
Total		50,000,000	-	-	50,000,000	50,000,000	0

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

Fund Administrator:
Name: Grace Mulaa Dzombo Sign *Grace Mulaa Dzombo* Date: 30/06/2024

The Kilifi County Car Loan & Mortgage Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

