

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

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

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

PAPERS LAID	
DATE	4/3/2025
TABLED BY	Deputy Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Cherop



**THE NYAMIRA COUNTY ASSEMBLY CAR & MORTGAGE LOAN
SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2024**

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

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

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2. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

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3. Key Entity Information and Management

a) Background information

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund is established by Section 116 of the PFM Act and derives its authority and accountability from the Public Finance Management Act, 2012. The fund became operational vide Nyamira County Gazette Supplement No.2 of 21st March, 2014 and was further amended in 2019. The fund is wholly owned by the County Government of Nyamira and domiciled in Kenya.

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

b) Principal Activities

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

c) Fund Administration Committee

No.	Position	Name
1.	Chairman of the Fund	Hon. Thaddeus Nyabaro
2.	Vice Chairperson	Hon. George Abuga
3.	Fund Administrator/Clerk	Mr. Daniel Orina
4.	Member	Mr. Duke Onyari
5.	Member	Hon. Beatrice Onyancha
6.	Member	Hon. Samuel Gichana Ogeto
7.	Member	CPA. Evelyne Kiage
8.	Member	CPA. Leonard Nyamasege
9.	Member	Mr. David Nyaberi
10.	Member	Hon. Dickson Machungo

**The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
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Key Entity and Management (Continued)

d) Key Management Team

No.	Name	Position
1	Fund Chairman	Hon. Thaddeus Nyabaro
2	Fund Administrator/Clerk	Mr. Daniel Orina
3	Senior Deputy Clerk	Mr. Duke Onyari
4	Fund Accountant	CPA. Leonard Nyamasege

e) Registered Offices

P.O. Box 590 - 40500
Nyamira County Assembly
Off Nyamira - Nyabite Road
Nyamira, Kenya

f) Fund Contacts

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

g) Fund Bankers

Family Bank
Nyamira Branch
Nyamira, Kenya

h) Independent Auditors

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

***The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
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4. Fund Administration Committee

	<p>Hon. Nyabaro is the Chairman of the Car and Mortgage Management Committee in line with the car and Mortgage loan scheme regulations. He is serving his third term as the Member of the County Assembly representing Ekerenyo Ward. Hon. Nyabaro previously worked at the Independent Electoral and Boundaries Commission before joining elective politics in the year 2013. He holds a diploma in Leadership and Governance from KCA University.</p>
	<p>Hon. CPA. George Abuga served as the vice chairperson of the Nyamira County Assembly car and mortgage loan scheme fund committee during the year. He is serving his second term as the Member of County Assembly representing Bogichora ward.</p> <p>Hon. CPA. George is a certified public accountant and a registered member of ICPAK.</p>
	<p>Mr. Daniel Orina is the Clerk of Nyamira County Assembly and the secretary to the Nyamira County Assembly car and mortgage loan scheme fund committee</p> <p>He holds a diploma in project management, a post graduate diploma in education, a Bachelor of Arts from the University of Nairobi and Master in English from the University of Warwick, United Kingdom.</p>

**Hon. Thaddeus Nyabaro
Deputy Speaker/Chairman**

**Hon. CPA. George Abuga
Vice Chairperson**

**Mr. Daniel Oginda Orina
Fund administrator/Clerk**

**The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
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	<p>Mr. Duke Simeon Onyari is the Senior Deputy Clerk of Nyamira County Assembly. He served as the Scheme Administrator up to 4th January, 2023. He is an Advocate of the High Court of Kenya. He also hold a certificate of Senior Management course from the Kenya School of Government.</p>
<p>Mr. Duke Simeon Onyari Senior Deputy Clerk</p>	<p>He is a member of the Car and Mortgage Loan Management Committee and the Chief Finance Officer.</p> <p>He holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.</p>
	<p>He is an elected member of staff of Car and Mortgage Loan Management Committee represent the members of staff.</p> <p>He holds a Diploma in Business Management from Kisii Polytechnic.</p>
<p>CPA. Leonard Nyamasege Chief Finance Officer</p>	<p>She is an elected member of staff representing the interests of the members of staff.</p> <p>She holds a Bachelor of Arts (Economics) Degree and Master of Business Administration (Finance). She is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.</p>
	<p>CPA. Evelyne Kiage Member</p>

***The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024***



**Hon. Dickson Machungo
Member**

Hon. Dickson Machungo is a member of the Car and Mortgage Management Committee appointed by the Board. He is serving his first term as the Member of the County Assembly representing the youth.



**Hon. Samuel Ogeto
Member**

Hon. Samuel Ogeto is a member of the Car and Mortgage Management Committee appointed by the Board. He is serving his first term as the Member of the County Assembly representing Manga Ward.



Hon. Ogeto is a retired Principal.



**Hon. Beatrice Onyancha
Member**

Hon. Beatrice Onyancha is a member of the Car and Mortgage Management Committee appointed by the Board. She is serving her first term as the Member of the County Assembly of gender to up.

5. Management Team

 <p>Hon. Thaddeus Nyabaro Chairman</p>	<p>Hon. Nyabaro is the Chairman of the Car and Mortgage Management Committee in line with the car and Mortgage loan scheme regulations. He is serving his third term as the Member of the County Assembly representing Ekerenyo Ward. Hon. Nyabaro previously worked at the Independent Electoral and Boundaries Commission before joining elective politics in the year 2013. He holds a diploma in Leadership and Governance from KCA University.</p>
 <p>Mr. Daniel Oginda Orina Clerk/Scheme administrator</p>	<p>Mr. Daniel Orina is the Clerk of Nyamira County Assembly and the Scheme administrator of the Nyamira County Assembly car and mortgage loan scheme fund. He holds a diploma in project management, a post graduate diploma in education, a Bachelor of Arts from the University of Nairobi and Master in English from the University of Warwick, United Kingdom. He served as the Scheme Administrator as from 4th January, 2023.</p>
 <p>Mr. Duke Simeon Onyari Senior Deputy Clerk</p>	<p>Mr. Duke Simeon Onyari is the Senior Deputy Clerk of Nyamira County Assembly. He served as the Scheme Administrator up to 4th January, 2023. He is an Advocate of the High Court of Kenya. He also holds a certificate of Senior Management course from the Kenya School of Government.</p>

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
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CPA. Leonard Nyamasege
Fund Accountant

He is a member of the Car and Mortgage Loan Management Committee and the Chief Finance Officer.

He holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK) and a member of Institute of Public Accountants.

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

6. Fund Chairperson's Report

The Management Committee submits this annual report and Financial Statements for Nyamira County Assembly Car and Mortgage Loan Scheme fund for the year ended 30th June, 2024. The financial reports disclose the state of affairs of the scheme.

The key objective of the Committee is to disburse loans to the members of the County Assembly and the staff. During the year under review, the committee disbursed loans to its members in form of car loans and mortgages. Though the funding has not sufficient to cater for all the members the committee was able to utilise the revolving fund in giving all the members the loans.

The committee still pursues options of lobbying for funding so as to ensure that all eligible members receive the loans to enable them purchase affordable houses and motor vehicles. The committee also ensures that any interest earned is prudently utilised in order to ensure that there is steady growth of the fund.

The committee is also at an advanced level in ensuring that it acquires an operational office that will be cater for day-to-day running of matters so as to ensure that the members challenges are addressed on a timely manner.


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Hon. Thaddeus Nyabaro

26th September, 2024

Chairperson Car & Mortgage Loan Management Committee

7. Report of The Fund Administrator

During the year, the fund collected a total of Kshs.10,023,184 from the interest income at a rate of 3% per annum on the loans given to the members of the scheme. The interest income received was higher than the budgeted amounts of Kshs. 10,000,000 by Kshs. 23,184. The interest received of Kshs. 10,023,184 increased by 52% as compared to the interest of Kshs. 6,584,589 received in the financial year 2022/2023.

Out of the interest income earned of Kshs. 10,023,184, 80% was spent towards meeting Fund expenses as highlighted under Note 3 of the financial statements.

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

The scheme has equally put up an elaborate plan so as to ensure that there is constant growth of the fund. The committee has resolved that any surplus will be ploughed back to the accumulated funds. The committee is also in consultation with the board so as to have a budgeted allocation that will be utilised in loaning the members that are yet to get the loans from the revolving fund.

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

Signed: 

Mr. Duke Onyari

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

8. Statement of Performance Against the Nyamira County Assembly Car & Mortgage Scheme Fund's Predetermined Objectives

The key objectives of the Public Finance Management (Nyamira County Assembly Mortgage and Car Scheme Fund) Regulations, 2019.

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

The progress of attaining the stated objectives are:

Program	Objective	Outcome	Indicator	Performance
Program 1: Loan Scheme for Purchase, development of residential properties	To ensure that the members of the scheme have decent homes to live in	Increased number of scheme members accessing the loans for development of residential property.	80% of members with good residential properties.	In FY 2023/24 the number of beneficiaries was increased.
Program 2: Loan for purchase of vehicles	To give loan to members for purchase of private motor vehicles	Increased number of members who can access car loans	Ability to access workplace	Car loans issued to all Members of the County Assembly and some staff members of the County Assembly.

9. Corporate Governance Statement

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

10. Management Discussion and Analysis

The Loan Management Committee spend eighty percentage of the total income amounts raised during the year to defray its expenditures. Out of the interest income received of Kshs. 10,023,184, the committee spent Kshs. 8,026,367 resulting to surplus of Kshs. 1,996,817. This brought about a saving that was transferred to the revolving kitty for more loaning to its members.

The Fund did not have any investments plan since its core objective was to ensure that more loans are disbursed to the members. The Fund has always complied with the statutory provisions in its operations. The major risks that the fund faces are outstanding loans from its members of the County Assembly of the first Assembly. The Management committee agreed that the revolving fund should be safe guarded so as to have steady growth, this should be done through prudence utilisation of the accrued interest in defraying any fund expenditures.

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

11. Environmental and Sustainability Reporting

(i) Sustainability strategy and profile -

The Members of County Assembly car and Mortgage loan committee have been trained on their roles and discharged the mandates in line with the provisions of Public Finance Management Act and the Nyamira County Assembly car loan and Mortgage fund regulations, 2019. Their key roles are to process members' loans with impartiality. Emphasis has been on constant capacity building of the committee members in order to promote good governance and ethical values. The scheme has also ensured that it embraces best practises exhibited by other schemes globally.

(ii) Environmental performance

The committee has embraced virtual operations especially for the activities of the committees. As a way to reduce usage of papers, the committee has embraced technology the committee encourage use of technology in its operations.

(iii) Employee welfare

The Committee has ensured that it has put in place the Members Group Credit Assurance Benefit policy whose role is to pay the policyholder the amounts of benefits set out in the register of lives assured subject always to the conditions and privileges provided

(iv) Market place practices

The management committee ensures that there is fair competition among all the service providers engaged in providing services to the scheme. The management committee also ensures that all its services providers are pay their obligations whenever they fall due.

(v) Corporate Social Responsibility / Community Engagements

The Committee did not engage in any corporate social responsibility during the year under review. The committee has however plans to have engagements with the citizens within the community.

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

12. Report of The Fund Administration Committee

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

Principal activities

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

Results

The results of the Fund for the year ended 30th June, 2024 are set out on page 1

The Fund Administration Committee

The members of the Management Committee who served during the year are shown on page v to page ix.

Auditors

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

By Order of the Management Committee



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Fund Administrator

26th September, 2024

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

13. Statement of Management’s Responsibilities

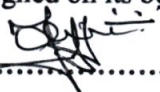
The Administrator of the Nyamira County Assembly Car & Mortgage Loan Scheme Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30th June, 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 Nyamira County Assembly Car & Mortgage Loan Scheme Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*Nyamira County Assembly Mortgage and Car Loan Scheme Fund regulations*). The Administrator of the Nyamira County Assembly Car & Mortgage Loan Scheme Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended 30th June, 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 Nyamira County Assembly Car & Mortgage Loan Scheme Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Approval of the financial statements

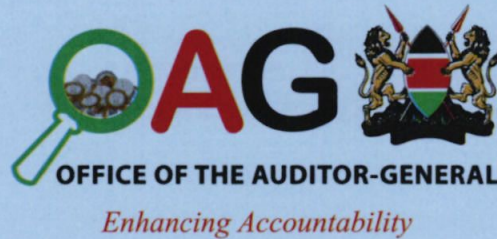
The Fund’s financial statements were approved by the Management Committee on 26th September, 2024 and signed on its behalf by:


.....

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY ASSEMBLY MEMBERS CAR & MORTGAGE 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; and,
- 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 Nyamira County Assembly Car and Mortgage Loan Scheme Fund set out on pages 1 to 33, which comprise the statement

Report of the Auditor-General on Nyamira County Assembly Members Car & Mortgage Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyamira County Assembly Car and Mortgage Loan 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 Nyamira County Assembly Car and Mortgage Scheme Fund Regulations, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unremitted Interest Income

The Statement of Financial Performance and Note 2 to the financial statements reflect interest income of Kshs.10,023,184 charged on mortgage and car loans. Review of mortgage and loan amortization schedules for the year under review shows an amount of Kshs.30,906 being interest charge deductions for loans taken by four (4) employees and which were not remitted to the Fund as prescribed by Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015.

In the circumstances, the accuracy and completeness of Interest income could not be confirmed.

2.0 Long-Term Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 5 to the financial statements reflects balance of Kshs.275,773,316 in respect of long-term receivables from exchange transactions. However, re-calculation of the balance using information provided revealed a balance of Kshs.193,347,348 resulting to unexplained and unreconciled variance of Kshs.82,425,968.

In the circumstances, the accuracy and completeness of the balance of Kshs.275,773,316 In respect of long-term receivables from exchange transactions could not be confirmed.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the County Assembly Car & Mortgage Loan Scheme Fund had an approved revenue budget of Kshs.10,000,000 being Interest Income during the year under review, as disclosed in Note 19 to the financial statements. However, the Fund expended Kshs.8,026,367 resulting to an under expenditure of Kshs.1,973,633 or 20% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery.

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, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Prior Year Matters

As disclosed under the Progress on Follow Up of Auditor's Recommendation section of the financial statements, the Management indicated that ten (10) prior year issues were all resolved. However, Management did not provide reports and invitations from the oversight committee's detailing the deliberations and recommendations of the committees.

Other Information

Management is responsible for the other information set out on page iii to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance against the Nyamira County Assembly Car and Mortgage Scheme Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit thereon.

In connection with my audit on the Nyamira County Assembly Car and Mortgage 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

1.0 Fund Administration Costs Exceeding the Authorized Limit

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects total approved budget for the Fund of Kshs.10,000,000 and administration expenses of Kshs.8,026,367. The total administration expense of Kshs 8,026,367 represent 80% of the approved budget of Kshs.10,000,000. This is contrary to Regulation 197 (1) (d) of the Public Finance Management (County Governments) Regulations, 2015, which prescribe that administration cost shall be a maximum of three (3%) percent of the approved budgets of the Fund.

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

2.0 Unsupported Insurance Cost

The statement of receipts and payments and as disclosed under Note 3 to the financial statements reflects use of goods and services of Kshs.8,026,367 which includes insurance cost of Kshs.2,801,081. The amount of Kshs.2,801,081 is in respect to payment of insurance premiums to an Insurance Company for loan insurance cover. However, the procurement records for provision of insurance services and the loans insurance cover documents were not provided for audit review. This is contrary to the Public Procurement and Asset Disposal Act, 2015, Section 68(1) which requires an Accounting Officer of a procuring entity to keep records for each procurement for at least six (6) years after the resulting contract was completed.

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

3.0 Failure to Register Charges on Securities

Review of records in support of loans disbursed during the year revealed that the Fund Management had not registered charges on the mortgage loans disbursed of Kshs.56,000,000. This is contrary to Regulation 16 of the Public Finance Management (Nyamira County Assembly Car Loan Scheme Fund) Regulations, 2015 which requires that the Board shall have a charge registered on the property financed through a loan granted under these Regulations and shall be entitled to have its name entered in all documents of title for such property.

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

The audit was conducted in accordance with ISSAI 3000 and 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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Funds' 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.

Those charged with governance are responsible for overseeing the Nyamira County Mortgage & Car Loan (Assembly) 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

24 December, 2024

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund

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

15. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	30 th June, 2024	30 th June, 2023
		Kshs	Kshs
Revenue from Exchange Transactions			
Interest Income	2	10,023,184	6,584,589
Total Revenue		10,023,184	6,584,589
Expenses			
Use of goods and services	3	8,026,367	1,138,960
Total Expenses		8,026,367	1,138,960
Surplus for the Period		1,996,817	5,445,629

The notes set out on page 6 to 20 form an integral part of these Financial Statements



.....
Duke Onyari
Administrator of the Fund



.....
CPA. Leonard Nyamasege
Fund Accountant
ICPAK Member No: 10008

**The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024**

16. Statement of Financial Position As at 30 June 2024

Description	Note	30 th June, 2024	30 th June, 2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	9,610,535	8,668,696
Current Portion of Long- Term Receivables from Exchange Transactions	5	74,977,092	72,402,784
Total current assets		84,587,627	81,071,480
Non-Current Assets			
Long Term Receivables from Exchange Transactions	5	275,773,316	277,292,646
Total non- current assets		275,773,316	277,292,646
Total Assets		360,360,943	358,364,126
Represented By:			
Revolving Fund		355,000,000	355,000,000
Accumulated Surplus		5,360,943	3,364,126
Net Assets		360,360,943	358,364,126

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 26th September, 2024 and signed by:



.....
Duke Onyari
Administrator of the Fund



.....
CPA. Leonard Nyamasege
Fund Accountant
ICPAK Member No: 10008

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund

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

17. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Accumulated surplus	Total
		Kshs	Kshs
Balance as at 1 July 2022	228,000,000	14,221,841	242,221,841
Surplus for the Period	-	5,445,629	5,445,629
Funds Received During the Year	127,000,000	-	127,000,000
Non-Performing loans written off	-	(16,303,344)	(16,303,344)
Balance as at 30 June 2023	355,000,000	3,364,126	358,364,126
Balance as at 1 July 2023	355,000,000	3,364,126	358,364,126
Surplus for the Period		1,996,817	1,996,817
Balance as at 30 June 2024	355,000,000	5,360,943	360,360,943

**The Nyamira County Assembly Car & Mortgage Loan Scheme Fund
Annual Report and Financial Statements for the year ended 30th June, 2024**

18. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	30 th June, 2024	30 th June, 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	-	127,000,000
Interest received	2	10,023,184	6,584,589
Total receipts		10,023,184	133,584,589
Payments			
Use of goods and services	3	8,026,367	1,138,960
Total Payments		8,026,367	1,138,960
Net cash flows from operating activities		1,996,817	132,445,629
Cash flows from investing activities			
Proceeds from loan principal repayments		54,945,022	41,275,271
Loan disbursements paid out		(56,000,000)	(216,100,633)
Net cash flows used in investing activities		(1,054,978)	(174,825,362)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		941,839	(42,379,733)
Cash and cash equivalents at 1 July		8,668,696	51,048,429
Cash and cash equivalents at 30 June		9,610,535	8,668,696

19. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Interest Income	10,000,000	-	10,000,000	10,023,184	(23,184)	100%
Total Income	10,000,000	-	10,000,000	10,023,184	(23,184)	100%
Expenses						
Committee Allowances	2,000,000	-	2,000,000	1,446,000	554,000	72%
Insurance Costs	3,300,000	-	3,300,000	2,801,081	498,919	85%
Travelling costs	1,865,000	-	1,865,000	1,479,000	386,000	79%
Taxation – Fringe Benefit Tax	2,800,000	-	2,800,000	2,269,871	530,129	81%
Bank Charges	35,000	-	35,000	30,415	4,585	87%
Total Expenditure	10,000,000	-	10,000,000	8,026,367	1,973,633	80%
Surplus for the Period	-	-	-	1,996,817	(1,996,817)	
Capital expenditure	-	-	-	-	-	

20. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nyamira County Assembly Car and Mortgage Loan Scheme is established by and derives its authority and accountability from Public Finance Management(Nyamira County Assembly Mortgage and Car Scheme Fund)Regulations, 2019. The Nyamira County Assembly Car & Mortgage Loan Scheme Fund is wholly owned by the Nyamira County Government and is domiciled in Kenya. The entity's principal activity is to provide loan scheme to members.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

There were no new and amended standards issued in the financial year.

(ii) 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	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	<i>Applicable 1st January 2025</i>

Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires, 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>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>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.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>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.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>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</p>

	transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024 was approved by the County Assembly on 27th June, 2023. There were no revisions or additional appropriations made to the approved budget during the year.

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

Summary of Significant Accounting Policies (Continued)

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

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) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual 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.

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There was no expected credit loss estimated during the year.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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 Nyamira County Assembly Car & Mortgage Loan Scheme Fund.

e) 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.

f) 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.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

h) Nature and purpose of reserves

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The Nyamira County Assembly Car & Mortgage Loan Scheme 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 it, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Nyamira County Assembly Car & Mortgage Loan Scheme Fund 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.

Assumptions made are;

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 Nyamira County Assembly Car & Mortgage Loan Scheme Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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

6. Notes To The Financial Statements

1. Transfers from County Government

Description	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Transfers from County Govt. – Operations	-	127,000,000
Payments by County on Behalf of The Entity	-	-
Total	-	127,000,000

2. Interest income

Description	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Interest Income from Mortgage Loans	8,395,268	5,511,578
Interest Income From Car Loans	1,627,916	1,073,011
Total Interest Income	10,023,184	6,584,589

Interest income is three percent per annum charged for loans taken for each member

3. Use of Goods and Services

Description	30 th June, 2024	30 th June, 2023
	Kshs.	Kshs.
Committee Allowances	1,446,000	830,000
Insurance Costs	2,801,081	-
Bank Charges	30,415	109,160
Travelling costs	1,479,000	199,800
*Taxation – Fringe Benefit Tax	2,269,871	-
Total	8,026,367	1,138,960

**The KRA Prescribed tax rates for Fringe Benefit tax were; 11% for July 2023 to September 2023, 13% for October to December 2023, 15% for January to March 2024 and 16% for April to June 2024.*

4. Cash and cash equivalents

Description	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Nyamira County Assembly Car & Mortgage Loan Account	9,610,535	8,668,696
Total Cash and Cash Equivalents	9,610,535	8,668,696

Notes to the Financial Statements (Continued)

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

Financial Institution	Account number	30 th June, 2024	30 th June, 2023
		Kshs	Kshs
Current Account			
Family Bank - Nyamira	026000019496	9,610,535	8,668,696
Total		9,610,535	8,668,696

5. Receivables from exchange transactions

Description	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Current Receivables		
Current Loan Repayments Due	74,977,092	72,402,784
Total Current Receivables	74,977,092	72,402,784
Non-Current Receivables		
Long Term Loan Repayments Due	275,773,316	277,292,646
Total Non- Current Receivables	275,773,316	277,292,646
Total Receivables From Exchange Transactions	350,750,408	349,695,430

Notes to The Financial Statements (Continued)

6. 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	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Transfers From Related Parties'	-	127,000,000
Transfers To Related Parties	-	-

7. 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.

Notes to The Financial Statements (Continued)

a) 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	30 th June, 2024	30 th June, 2023
	Kshs	Kshs
Revolving fund	355,000,000	355,000,000
Accumulated surplus	5,360,943	3,364,126
Total funds	360,360,943	358,364,126
Total borrowings	350,750,408	349,695,430
Less: cash and bank balances	(9,610,535)	(8,668,696)
Net debt/(excess cash and cash equivalents)	341,139,873	341,026,734
Gearing	95%	95%

8. Events after the reporting period

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

9. Ultimate and Holding of Nyamira County Assembly Car & Mortgage Loan Scheme Fund

The Nyamira County Assembly Car & Mortgage Loan Scheme Fund is a County Public Fund established by Public Finance Management Act, 2012 (*Nyamira County Gazette Supplement No.2 of 21st March, 2014 and was further amended in 2019.* Its ultimate parent is the County Government of Nyamira.

10. Currency

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

21. 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.	Issue / Observations	Management comments	Status:	Timeframe:
1.	<p>Long-Term Receivables from Exchange Transactions – The statement of financial position and as disclosed in Note 6 to the financial statements reflects a balance of Kshs.277,292,646 in respect of long-term receivables from exchange transactions, However, recalculation of the balance using information provided revealed a balance of Kshs.270,708,057 resulting to unexplained and unreconciled variance of Kshs.6,584,589</p>	<p>The variance of Kshs.6,584,589 is the interest income for the period ending 30th June, 2023 and has been disclosed under Note 2 of the financial statements</p>	Unresolved	
2.1	<p>Variances between Financial Statements and Loan Disbursement Ledger – The statement of cash flows reflects an amount of Kshs.216,100,633 in respect of car and mortgage loan disbursements paid out during the year under review. However, review of the car and</p>	<p>The loans disbursed out of Kshs.78,700,633 and Kshs.137,400,000 for car and mortgage loans respectively totalling to Kshs.216,100,633 were used in the amended cash flow</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>mortgage ledger schedule in respect of the loans revealed Kshs.74,000,000 and Kshs.137,400,000 in respect of car loans and mortgage loans disbursed out respectively during the year totalling to Kshs.211,400,000 resulting to an unexplained and unreconciled variance of Kshs.4,700,633.</p>			
2.2	<p>Discrepancies of Loans Disbursement to Staff - The statement of cash flows reflects an amount of Kshs.211,400,000 in respect of loan disbursements paid out during the year under review. However, review of the mortgage and car loan bank statements revealed that sampled members were granted loans of amounts of Kshs.12,600,000,</p>	<p>The loans are operated as Mortgage loan and car loan, the amortization schedules are equally operated separately as Mortgage amortization schedule and car loan amortization schedule</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>Kshs.4,900,000, Kshs.5,400,000, Kshs.5,700,000, Kshs.5,900,000 and Kshs.5,250,000 that are at variance with the individual loan amortization schedules reflecting amounts of Kshs.10,800,000, Kshs.1,400,000, Kshs.2,500,000, Kshs.3,000,000, Kshs.1,500,000 and Kshs.1,650,000 respectively there by affecting interest income and loan repayments. Further, the bank statement revealed that the loans were paid out in piecemeal and a complete loan control ledgers or amortization schedule was not maintained.</p>			
2.3	<p>Unsupported Loans Disbursement Paid</p>	<p>Kshs.42,050,000 are payments done to members</p>		

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>Out - The statement of cash flows reflects an amount of Kshs.211,400,000 in respect of loan disbursements paid out during the year under review. However, review of the mortgage and car loan bank statements revealed that loans disbursements were paid directly to the borrowers' accounts with their names reflected. However, review of the bank statements for the year under review revealed amounts totaling to Kshs.42,050,000, Kshs.3,850,000, Kshs.950,000 and Kshs.1,950,000 that are indicated as payments on transfer mortgage account, transfer car loan, Auto imports Ltd and an unnamed bank account</p>	<p>who are account holders of Family Bank</p> <p>Kshs.3,850,000 are payments done for car loans to members who are account holders of Family Bank.</p> <p>Kshs.950,000 is a payment done directly by The County Assembly to Auto Imports Limited for a member who had an outstanding balance of Kshs.950,000 to Auto Imports Limited for purchase of vehicle registration number KCP994Q. After default of payment installment by the member, the County Assembly made an undertaking of making a direct deposit to Auto Imports Limited.</p> <p>Kshs.1,950,000 that are indicated as unnamed bank account number in the bank statement are payments made to four members, three were account holders of Kenya Commercial bank while one was an account holder of Equity bank.</p>		

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>number respectively which were not supported with loan application and disbursement schedules, fund transfers forms and respective borrowers name and bank accounts details.</p>			
3.1	<p>Variances between financial statements and proceeds from Loan Principals repayments – The statement of cash flows reflects an amount of Kshs.41,275,271 in respect of proceeds from loan principal repayments during the year under review. However, review of the car and mortgage loan ledger schedule in respect of loan principal repayments revealed Kshs.9,850,213 and Kshs.28,169,727 in respect of car loans and mortgage loans proceeds of loan principals repayments respectively during the year totalling to Kshs.38,019,940 resulting to unexplained</p>	<p>The cash flow was amended appropriated to reflect the reconciled amounts of proceeds from loan principal repayments</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	and unreconciled variance of Kshs.3,255,331.			
4.	<p>Unsupported and Unjustified Loans Written – Off - The statement of changes in net assets reflects an amount of Kshs.3,364,126 in respect of accumulated surplus which includes an amount of Kshs.16,303,344 in respect of non - performing loans written off. Review of the supporting documents including the list of loan defaulters, approval of write-off by the Mortgage Loans Management Committee and County Service board revealed that the non-performing loans written off of the amount of Kshs16,303,344 included amounts of Kshs.10,988,033 and Kshs.5,315,311 in</p>	<p>During the period, the Nyamira County Assembly Mortgage Scheme Fund did not have an Insurance policy in line with Regulation 17(1) and therefore it was not possible to request for Insurance to cover the loss in respect of the loans borrowed by deceased members.</p> <p>For the amounts not remitted by the County Executive of Nyamira, The Mortgage Management Committee through the Fund Administrator presented demand notices that resulted into the recovery of Kshs.5,315,311 on 6th December, 2017. After several consultations and correspondences, it was resolved that the amounts of Kshs.5,315,311 for December, 2015 be written off since the amounts were</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>respect of loans borrowed by deceased members and non-remitted loan deductions by the County Executive of Nyamira since 2015 respectively. However, the Management has not presented demand notice to the County Government on the non-remitted deductions. Further, no insurance compensation process was instituted by the Management in line with Regulation 17(1) of the Public Finance Management (Nyamira County Assembly Mortgage Scheme Fund) Regulations, 2019 which requires that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the board,</p>	disputed		

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>the cost of which shall be paid out of the Fund and debited in such borrower's account. The Insurance should cover the loss in respect of the loans borrowed by the deceased members. There was no demonstration of loan recovery and follow up by management.</p>			
	<p>Other Matters – Unresolved Prior Year Matters - As disclosed under the progress on follow up of auditors' recommendation section of the financial statements annex 1, the Management indicated six (6) prior year audit issues of which four (4) were indicated as resolved two (2) not resolved. However, Management did not provide reports and invitations from the oversight committee's detailing the</p>	<p>The unresolved prior year matters are yet to be addressed since the last appearance before the Senate (County Public Accounts Committee) CPAC on 5th June, 2023 was on matters of financial year 2019/2022.</p>	<p>Unresolved</p>	


Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>deliberations and recommendations of the committees on the resolved issue. Further, Management has not provided satisfactory reasons for the delay in resolving the unresolved issues.</p>			
1.	<p>Non- Remittance of Fringe Benefit Tax - As disclosed in Note 3 to the financial statements, the statement of financial performance reflects an amount of Kshs.1,138,960 in respect of use of goods and services .However, review of the details of use of goods and services revealed that fringe benefit tax on the loans disbursed was not implemented are required by section 128 of the Income Tax Act, 1973 which states that a tax to be known as fringe benefit tax to be</p>	<p>Section 12B of the Income Tax Act, 1973 requires the Fringe Benefit Tax to be paid by the employer. During the period under review the Employer (Nyamira County Assembly) paid Fringe Benefit Tax to Kenya Revenue Authority totalling to Kshs.1,094,165</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	<p>payable commencing on the 12th June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate, to an individual who is a director or an employee or is a relative of a director or an employee, by virtue of his position as director or his employment or the employment of the person to whom is related.</p>			

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
2.	<p>Failure to Register Charges on Securities - Review records in support of the loans disbursed out during the year revealed that the Fund Management had not registered charges on the loan mortgages disbursed at accost of cost of Kshs.137,400,000 of the forty-applications received. Contrary to Regulation Regulations 16 of the Public Finance Management (Nyamira County Assembly Mortgage Scheme Fund) Regulations, 2019 which requires that the Board shall have a charge registered on the property financed through a loan granted under these Regulations and shall be entitled to have its name entered in all documents of title for such property.</p>	<p>The Management committee is in the process of registering charges of all securities for the loans taken by members</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
3.	<p>Failure to Value Motor Vehicles for Car Loans -</p> <p>The statement of financial position reflects balance of Kshs.349,695,430 in respect of total long-term receivables from exchange transactions.</p> <p>Included in this balance is Kshs.66,955,328 which includes loan balance of Kshs .74,000,000 issued in respect of car loans to thirty six (36) members during the year. However, values of the vehicles purchased were not determined and reported by Automobile Association of Kenya (AAK), or the Government Department dealing with such matters or</p>	<p>The Car and Mortgage Loan Management Committee is in the process of ensuring that the motor vehicles are valued for the car loans given out.</p>	Unresolved	

Reference No.	Issue / Observations	Management comments	Status:	Timeframe:
	any such value approved by the Board. This is contrary to Regulation 10 (2) of the Public Finance Management of Nyamira County Assembly Car loan scheme Fund of 2019.			



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Fund Administrator

26th September, 2024