

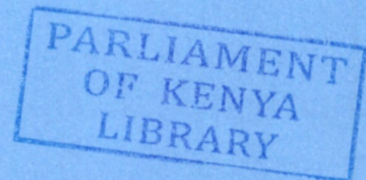
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

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

ON

KERICHO COUNTY ASSEMBLY MEMBERS CAR LOAN AND MORTGAGE SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2023



**KERICHO COUNTY ASSEMBLY MEMBERS CAR LOAN AND
MORTGAGE SCHEME FUND**

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

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

2. Key Entity Information and Management

(a) Background Information

Kericho County Assembly Members Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Scheme Fund) Regulations, 2016. The Regulations was established appropriately to guide the implementation for the benefits of Members of the County Assembly. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles.

(b) Principal Activities

The principal activity of the Fund is to facilitate members of the county assembly acquire and build their residential houses as well as purchase of motor vehicles to facilitate them discharge their mandate effectively.

(c) Fund Administration Committee

Ref	Name	Position
1	Hon. Philip Rono	Chairperson
2	Hon .Haron Rotich	Vice Chair
3	Hon.Hezron Ng'etich	Member
4	Hon. Dominic Mutai	Member
5	Hon. Bafina Serem	Member
6	Mr. Martin Epus	Secretary
7	Mrs. Sharon Mibey	Member
8	Mr. Aggrey Kirui	Member
9	Mr. Kiplangat Terer	Secretariat

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

(a) Key Management Team

Ref	Name	Position
1	Mr. Martin Epus	Clerk to the County Assembly of Kericho
2	Mrs. Sharon Mibey	Deputy Clerk
3	Mr. Aggrey Kirui	Principal Finance Officer
4	Mr. Kiplangat Terer Edwin	Accountant
5	Mrs. Rose Chelangat	Senior Accountant

Key Entity and Management (Continued)

(b) Fiduciary Oversight Arrangements

- a. The public and other stakeholders through public participation play a significant role and greatly influence decision making ultimately improving the governance process.
- b. County Budget and Economic Forum, which presents the ideal opportunity to strengthen the engagement between the County Government and the County residents.
- c. The Budget and Appropriation Committee reviews the budget estimates submitted by County Executive and proposes the same for adoption or rejection of the same in the full house of the County Assembly.
- d. Internal Audit unit and Audit Committee undertake periodic reviews of expenditures and make recommendations on improprieties noted.
- e. Independent offices set by law, which is the office of the Auditor General and Controller of Budget for review of programmes to ensure there is no wastage and Value for Money is achieved.
- f. County Assembly Public and Investment Committee reviews all audit reports submitted by the County Executive.

(c) Registered Offices

Kericho County Assembly Headquarters
P.O.BOX 1526-20180
Kericho, KENYA.

(d) Fund Contacts

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Telephone :(254) 745169000
www.assembly.kericho.go.ke

(e) Fund Bankers

1. Family Bank
P.O.Box 74145-00200
Nairobi.

(f) Independent Auditors

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

(g) Principal Legal Adviser





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

(h) County Attorney






County Government of Kericho
County Attorney
P.O.Box 112-20200
Kericho.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Fund Administration Committee

Name	Details of qualifications and experience
	<p>Hon. Philip Rono is the Chairperson of the Committee. He is the elected member of County Assembly representing Kamasian Ward and also the Majority leader of the County Assembly. He was born in 1989. Hon. Philip holds a bachelor's degree in Strategic Management and a Diploma in Electrical and Electronics Engineering as well as Higher National Diploma in Instrumentation. Served as NYS officer and later worked as an Engineer in Safaricom PLC Ltd before being elected.</p>
	<p>Hon. Haron Rotich is the Vice Chairperson of the Committee. He is the elected Member of County Assembly representing Seretut/Cheptororiet Ward and he is also the Chief Whip of the County Assembly. He was born in 1989. He holds a Diploma in Civil Engineering.</p>
	<p>Hon. Hezron Ng'etich is the member of the Committee. He is the elected Member of County Assembly representing Chilchila Ward and the Chairperson of Lands, Physical planning and Housing committee .He was born in 1987. Hon. Hezron holds a Bachelors Degree in Project Management and a Diploma in Civil Engineering.</p>
	<p>Hon. Dominic Mutai is a Member of the Committee and the elected Member of County Assembly representing Kabianga Ward. He was born in 1979. Hon. Dominic holds a Diploma in Information Communication Technology and a CPA part I. He was the Chief Clerk for KTDA before being elected.</p>

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>Hon. Bavina Serem is a Member of the Committee. She is a nominated Member of County Assembly and the deputy whip. She was born in 1986. Hon. Bavina has a Degree in Journalism and Mass Communication and served as a reporter at Kass TV before her nomination.</p>
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly. He was born in 1971. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds LLB (Bachelors Degree in Law) as wells as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Principal Finance Officer of the County Assembly. He was born in 1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born in 1994. He holds a degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>





**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born in 1980. She holds a Bachelors degree in commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team

Name	Details of qualifications and experience
	<p>Mr. Martin Epus is the Secretary of the Committee and also the Clerk to the County Assembly. He was born in 1970. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPA II, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Committee and also the Deputy Clerk to the County Assembly. She was born in 1987. Sharon holds LLB (Bachelors Degree in Law) as well as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Committee and also the Principal Finance Officer of the County Assembly. He was born in 1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Kiplangat Terer is a Member of the Committee and an Accountant of the County Assembly. He was born in 1994. He is a holder of degree in Bachelor of Commerce (Accounting option) and also CPA part II.</p>

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born on in 1980. She holds Bachelors degree of commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Fund Chairperson's Report

The Kericho County Assembly Members Car Loan and Mortgage Scheme Fund is established under the Public Finance Management (Kericho County Assembly Members Car loan and Mortgage Scheme) Fund Regulations, 2014. The administration of the fund is done by Family Bank Limited.

The Fund Management Committee comprises of a team of Members of the County Assembly and the Secretariat as committee members playing different roles and in the sub committees of the committee to help in administering the Fund. The chairperson of the Committee is the Leader of Majority of the County Assembly.

The Kericho County Assembly Members Car loan and Mortgage Scheme Fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn, this has translated to better performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county assembly, the Speaker and two (2) members of the County Assembly Service Board.

The Fund is expected to grow significantly and benefit the members immeasurably. The members will benefit greatly on the car loans and mortgages schemes since the interest is low and can discourage members of the scheme from borrowing loans from other financial institutions whose interest rates are exorbitant.

The Kericho County assembly members Car loans and Mortgage Scheme Fund Committee commits to manage the Fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

The Fund is well managed by the bank and is earning the 3% interest as well as interest on fixed deposits when it is done so thus giving value for money. The Fund has grown to Ksh. 246,706,373 from Ksh. 157,467,022 of previous year with the interest growing from Ksh. 741,461 to this year's interests of Ksh. 4,901,264. The Fund administration expenses increased to 1,634,435 from last year's Ksh 247,154 due to an increase in interest. There's also a significant accumulated surplus of Ksh 9,405,304 as compared to ksh. 5,665,953 of the previous year.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

The members who have benefited from it are happy to have enabled them to get land and build their own houses as well as acquiring motor vehicles hence facilitating the implementation of their mandate.

Signed:  Date.....08-02-2024.

HON. PHILIP KIPNGETCH RONO

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Report of the Fund Administrator

The Kericho County Assembly Members Car Loan and Mortgage Scheme Fund is established under the Public Finance Management (Kericho County Assembly Members Car loan and Mortgage Scheme) Fund Regulations, 2014. The administration of the Fund is done by Family bank which was sourced competitively.

However, there is a management Committee which comprises of a team of Members of the County Assembly and staff as well as the Secretariat playing different roles and in the sub committees of the Committee. The chairperson of the Committee remains the Leader of Majority of the County Assembly and the Secretary of the Fund is the clerk of the County Assembly.

The Kericho County Assembly Members Car Loan and Mortgage Scheme Fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn this is expected to translate to performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county Assembly, The Speaker and two members of the County Assembly Service Board with total disbursements of Ksh. 269,000,000. The Funds' performance is significantly growing with the year's interest of Ksh 4,901,264 and the fund administration expenses at Ksh 1,634,475.

The Fund's budget was equivalent to the fund's performance as shown in the financial statements under the statement of comparison of budget and actual amounts for the period.

The Fund is expected to grow significantly and benefit the members immeasurably since the interest is low and can discourage members of the scheme from borrowing loans from other financial institutions.

The Kericho County assembly Members Car loans and Mortgage scheme Fund Committee commits to administering the Fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

There has been a great challenge in regards to security for funds and the amount disbursed to members is not sufficient for all the fifty one (51) beneficiaries at the same disbursement period.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of 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 of the County Assembly Members Car Loan and Mortgage are as follows:

1. To enhance Knowledge and Expertise of members for effective use of Car loan and Mortgage.
2. To Improve County Assembly Members living standards so as to boost their Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;
3. To build adequate Institutional capacity to provide quality, efficient and effective services to the members;
4. To strengthen County Assembly’s Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;
5. To ensure adequate financial resources are available to members to meet the capital and investment needs of members;
6. To advise members on viable investments to venture in;
7. Progress on attainment of Strategic development objectives (*Adopted from Kericho County assembly*).

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members	To ensure all members have access to Mortgage facilities	Number mortgages successfully applied	100% of members taking Mortgage facilities	During FY, 47 MCAs, speaker and two service board members accessed the facility and were

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

				able build their own houses
Formation of the Car loan and mortgage board	To Improve County Assembly Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;	Improved oversight and administration of the Car loan and mortgage	Members appointed	Functional Car Loan and Mortgage Scheme Fund Board
Capacity Building for Car Loans and mortgage fund Board	To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;	Increased efficiency in administration of car loan and mortgage scheme	Number of trainings	Car loan and mortgage fund board members capacity enhanced
Consultative forums with like-minded industry players	To strengthen County Assembly's Representative Capacity through External Linkages and Partnership with Various	Increased awareness on fund administration challenges	Number of engagements with fund managers	Best practices from similar schemes/ industry replicated

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

	Stakeholders to Foster Sustainable Development;			
Adherence to Controller of budget and national treasury requirements on requisitions	To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.	Continuous cash flows of the county assembly	Number of requisitions made	Funds availed to County Assembly Members

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

8. Corporate Governance Statement

Kericho County Assembly Mortgage Board held meetings to deliberate on issues concerning the fund. The number of meetings should not exceed two in a month. The required quorum must be at least two-third at the beginning of each meeting.

Members of the board should be trained on Public Finance Management Act and also regulations that guide issuance of the fund to potential beneficiaries. During the financial year, Fund management committee undertook the following;

- ✓ Attended one week training on mortgage management.
- ✓ Sat to approve Mortgage disbursement to members
- ✓ Sat to approve car loan to members
- ✓ Held a meeting to review and approve Service Level agreement for management of the fund by Family Bank Ltd
- ✓ Reviewed the performance of the fund
- ✓ Proposed several issues among them is benchmarking with other counties with good systems of Fund's Management.

In case there is a conflict of interest on a member of the board, such a member should declare his interest and will be exempted to attend that meeting where his contribution will create conflict of interest. Failure to declare such interest is a criminal offence.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

9. Management Discussion and Analysis

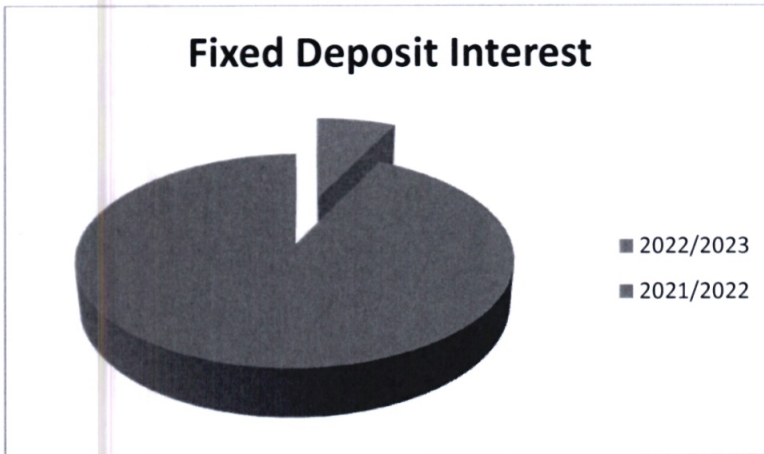
This is the Financial Statements for Kericho County Assembly Members Car Loan and Mortgage Scheme Fund for the financial period ended 30th June, 2023. This report was prepared and presented as required by Section 167 of the *Public Financial Management (PFM) Act 2012*. The report expounds on the expenditure incurred by the Kericho County Assembly Members car loan and Mortgage Scheme Fund provision.

The guiding regulations are the Kericho County Assembly Members Car Loan and Mortgage Scheme Fund Regulations of 2014. The amount entitled to each member was done in line with with the Salary and Remunerations Commission circulars in which the Fund complied with. The Fund Administrator is Family Bank Limited and its primary purpose is to advance loans to Members of County Assembly for purchase of motor vehicles and mortgage.

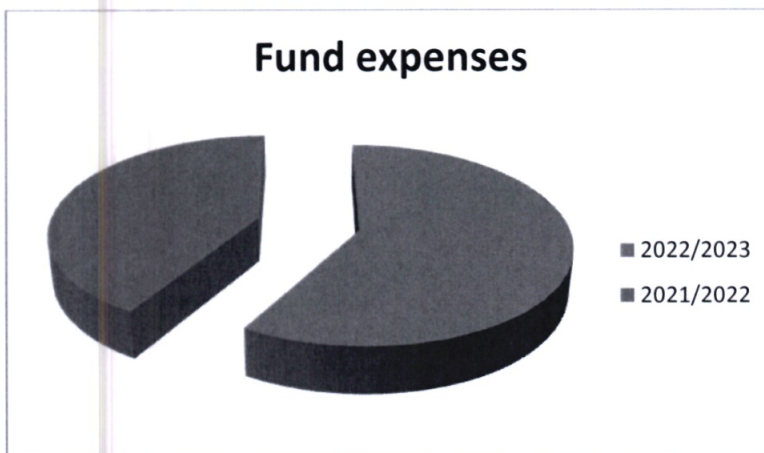
During this financial year 2022/2023 the interest income was Kshs.4, 901,264, which was more than that of the financial 2021/2022, Kshs. 741,461. The increase is due to the fact that most of the beneficiaries were almost clearing their loans in the previous year and there was a new disbursement amounting to 269,000,000 in this financial year. Furthermore, there was a reduction of fixed deposit interest from Kshs. 6,084,289 to Kshs,472,562 because funds were fixed for a shorter period in the financial year 2022/2023 as illustrated by the pie charts as below;



**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**



The expenditure for the Fund during the period was Ksh.1, 634,475 compared to the previous year's expenditure of Ksh.247, 154 as illustrated in the chart below.



The Fund has no major foreseeable risks since it is the county assembly who is deducting and remitting to the bank the loan recoveries.

The risk relating to the management of the Fund is in case of death or any unforeseen occurrence that can lead to inexistence of a member, there's likelihood of losing the Funds. The Fund has gone a long way to improve on the social welfare of the members by enabling them to acquire land and build houses and purchase motor vehicles which in the process has enhanced service delivery to the public. The Fund is also in compliance all the statutory regulations.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Report of the Fund Administration Committee

The Committee submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs. There were changes in Board members due to changes in leadership of the assembly.

Principal activities

The principal activities of the Fund are to facilitate members of the County Assembly to purchase residential houses and to have cars.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1-37

Fund Administration Committee

The members of the Committee who served during the year are shown on page vii-viii. Other members who served before the changes to the new Fund Administration Committee are as shown below;

The changes in the Committee during the financial year are as shown below:

1	Hon.Hezron Ng'etich	Chairperson
2	Hon.Nancy Kimeto	Vice Chair
3	Mr.Martin Epus	Secretary
4	Hon.Benard Mutai	Member
5	Hon. Gilbert Ng'etich	Member
6	Hon.Humprey Kirui	Member
7	Mrs.Sharon Mibey	Member
8	Mr.Aggrey Kirui	Member
9	Mr.Josphat Mibei	Secretariat
10	Mrs.Rose Chelangat	Fund Accountant

(i) Key Management

Ref	Name	Position
1	Mr.Martin Epus	Clerk to the County Assembly of Kericho
2	Mrs.Sharon Mibey	Deputy Clerk
3	Mr.Aggrey Kirui	Principle Finance Officer
4	Mr.Josphat Mibei	Accountant
5	Mrs.Rose Chelangat	Senior Accountant

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Auditors

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

By Order of the Fund Administration Committee

.....

Chair of the Fund Administration Committee

Date:.....

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Statement of Management's Responsibilities

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

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June, 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material mis-statements, 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 and Kericho County Assembly Members Car Loan and Mortgage Scheme Fund regulations of 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June, 30, 2023 and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Administrator of the 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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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 Committee on 8th February 2024 and signed on its behalf by:

.....


Administrator of the County Public Fund

08 FEB 2024

REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Assembly Members Car Loan and Mortgage Scheme Fund set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2023, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement

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

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 Kericho County Assembly Members Car Loan and Mortgage Scheme Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kericho County Assembly Members Car Loan and Mortgage Scheme Fund Regulations, 2014.

Basis for Qualified Opinion

1. Inaccuracies in Comparative Balances

The financial statements reflect comparative balances which are at variance with the audited statements for the financial year ended 30 June, 2022 as detailed below:-

Component	Balance as per 2022/2023 Financial Statements (Kshs.)	Balance as per 2021/2022 Audited Financial Statements (Kshs.)	Variance (Kshs.)
Statement of Financial Position			
Trade Payables	0	21,216	(21,216)
Statement of Cash Flows			
Fund Administration Expenses	247,114	225,898	21,216
Net Increase (decrease) in Cash and Cash Equivalents	55,210,027	55,231,243	21,216
Cash and Cash Equivalents	156,154,663	156,175,879	(21,216)

Further, review of Note 9 to the financial statements reflects comparative cash and cash equivalent balance of Kshs.156,154,663 which differs with the balance of Kshs.156,175,879 reflected in Note 9 of the previous year's audited financial statements resulting in an unexplained and unreconciled variance of Kshs.21,216.

In the circumstances, the accuracy and completeness of the opening comparative balances in the financial statements could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows statements reflects cash and cash equivalents balance of Kshs.15,235,948 which includes an amount of Kshs.1,351,289 in respect of fund administration expenses as disclosed in Note 7 to the financial statements. This amount

differs with the amount of Kshs.1,634,475 reflected in the statement of financial performance on the same item resulting in an unexplained and unreconciled variance of Kshs.283,186.

In the circumstances, the accuracy and completeness of fund administration expenses amounting to Kshs.1,351,289 could not be confirmed.

3. Unsupported Interest Income

As disclosed in Note 4 to the financial statements, the statement of financial performance reflects total interest income amounting to Kshs.5,373,826 which includes an amount of Kshs.472,562 in respect of interest on bank fixed deposits. However, the interest income was not supported with bank details on the annual percentage of interest charged on the deposit and the amortization schedules. Further, the fixed deposit bank statement for the year was not provided for audit.

In the circumstances, the accuracy and completeness of the interest income amounting to Kshs.472,562 could not be confirmed.

4. Unsupported Fund Administration Expenses

The statement of financial performance and as disclosed in Note 7 to the financial statements, reflects fund administration expenses amount of Kshs.1,634,475. However, the payment vouchers and the supporting documents were not provided for audit.

In the circumstances, the accuracy and completeness of the fund administration expenses amounting to Kshs.1,634,475 could not be confirmed.

5. Unsupported Fixed Deposit Accounts

The statement of financial position and as disclosed in Note 9 to the financial statements, reflects a balance of Kshs.15,235,949 in respect of cash and cash equivalents which includes a Nil balance in the fixed deposit interest account at Family Bank. Review of the bank statement in respect of the account revealed that a total of accrued interest amounting to Kshs.11,615,216 was earned during the year and transferred to the main account. However, supporting documents including the certificate of bank balance and details of the annual percentage interest rate charged on the fixed deposit amount were not provided for audit.

In the circumstances, the accuracy and completeness of the Nil balance under fixed deposit interest account could not be confirmed.

6. Inaccuracies of Long-Term Receivables from Exchange Transactions

As disclosed in Note 10 to the financial statements, the statement of financial position reflects a balance of Kshs.172,843,863 in respect of long-term receivables from exchange transactions. However, re-calculation of the balance using information provided revealed a balance of Kshs.166,181,100 resulting to an unexplained and unreconciled variance of Kshs.6,662,763.

In the circumstances, the accuracy and fair statement of the current portion of long-term receivables from exchange transactions balance of Kshs.172,843,863 could not be confirmed.

7. Unsupported Current Portion of Long-Term Receivables from Exchange Transactions

As disclosed in Note 10 to the financial statements, the statement of financial position reflects a balance of Kshs.58,958,369 in respect of current portion of long-term receivables from exchange transactions. However, review of the supporting schedule revealed a balance of Kshs.58,824,390 resulting to an unexplained and unreconciled variance of Kshs.133,979. Further, the amortization schedules of individual loan accounts were not provided for audit.

In the circumstances, the accuracy and fair statement of the current portion of long-term receivables from exchange transactions balance of Kshs.58,958,369 could not be confirmed.

8. Unsupported Interest Receivable

As disclosed in Note 10 to the financial statements, the statement of financial position reflects a balance of Kshs.199,897 in respect of interest receivable whose ledger, supporting schedules and aging analysis were not provided for audit. Further, the interest receivable has been separately disclosed in the financial statements instead of being reported as part of the current portion of long term receivables from exchange transactions.

In the circumstances, the accuracy, completeness and presentation of interest receivable balance of Kshs.199,897 could not be confirmed.

9. Unsupported Current Liabilities

The statement of financial position reflects current liabilities balance of Kshs.531,705. The balance includes Kshs.282,466 and Kshs.249,239 in respect of administration expenses due and prepaid loans and as disclosed in Note 17 and 11 respectively. However, invoices in support of the accrued expenses and monthly payroll extracts confirming the prepaid loans were not provided for audit confirmation.

In the circumstances, the accuracy and completeness of the current liabilities balance of Kshs.531,705 could not be confirmed.

10. Unsupported Principal Loan Repayments of Car and Mortgage Loans

The statement of cash flows reflects loans advanced to Members of the County Assembly amounting to Kshs.269,000,000. However, payroll deductions in support of the loan repayments were not provided. Further, documents in support of mortgages granted to members including approved copies of the designs of the proposed property, bills of quantities in respect of the proposed development, renovation or repair, official searches of the title to the property intended to be purchased and certified copies of the sale agreement relating to the property were not provided for audit.

In addition, evidence that the loans disbursed were exclusively utilized for purchase, development, renovation or repair of property for the occupation of the applicants or their immediate families was not provided for audit and therefore, the utilization of the funds could not be confirmed. This is contrary to Regulation 8(1) of the Fund's Regulations.

In the circumstances, the accuracy and completeness of the loans disbursed amounting to Kshs.269,000,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Internal Transfers

Review of records revealed that Management transferred an amount of Kshs.12,500,000 to Kericho County Assembly Staff Car Loan and Mortgage Fund as short term borrowing. However, the transfers were not included in the approved budget for the year and had not been refunded by the end of the year. This was contrary to Section 154(1)(a) of the Public

Finance Management Act, 2012 which provides that an Accounting Officer shall not authorize the transfer of an amount that is appropriated to another County Government entity or person.

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

2. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.5,373,826 and an expenditure final budget of Kshs.1,634,475 resulting in a variance of Kshs.3,739,351. This was contrary to the provisions of Section 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'budget revenue and expenditure appropriation shall be balanced. Further, an approved budget for the year under review was not provided for audit as required by Section 149(2)(h) of the Public Finance Management Act, 2012, which requires an Accounting Officers to prepare estimates of expenditure of the entity in conformity with its strategic plan.

In the circumstances, Management was in breach of law.

3. Failure to Register Charges on Securities

Review of the title deeds and log books securing the mortgages and car loans revealed that the Fund had not registered charges on the ownership documents to reflect its interest in the properties and secure the outstanding loans. This was contrary to Regulation 8 (2) of the Kericho County Assembly Members Car Loan Scheme, 2014 and Regulation 15(1) of the Kericho County Assembly Members Mortgage Scheme which require the logbook of a vehicle subject to a loan from the Fund to be issued jointly between the financier and the borrower and a charge registered on the property financed through a loan granted and to have the Fund's 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 the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Mortgage Protection Policy and Motor Insurance

Review of the financial records in respect to loans revealed that the motor vehicles acquired through loans granted to members did not have comprehensive insurance policies contrary to Regulation 13(1) of the Fund Regulations, 2016 which requires the borrower to comprehensively insure any vehicle purchased through the scheme.

In the circumstances, there is possible loss of public funds in case of any unforeseen occurrence.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions 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 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 control 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 control, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 March, 2024

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	4,901,264	741,461
Interest income from fixed deposit	4	472,562	6,084,289
Other income	5	-	-
		5,373,826	6,825,750
Total Revenue		5,373,826	6,825,750
Expenses			
Fund Administration Expenses	7	1,634,475	247,154
Withholding Taxes on fixed deposit interests		-	912,623
Total Expenses		(1,634,475)	(1,159,797)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	8	-	-
Gain /Loss on fair value of investments	8	-	-
Surplus/(Deficit)for the Period		3,739,351	5,665,953

M:

.....
Name: Martin Epus
Administrator of the Fund

Rose

.....
Name: Rose Chelangat
Fund Accountant
ICPAK Member Number: 21194



**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Position as at 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	15,235,949	156,154,663
Current Portion of Long- Term Receivables From Exchange Transactions	10	59,158,266	1,312,359
Investments in financial assets	13	-	-
Total current assets		74,394,215	157,467,022
Non-Current Assets			
Property, Plant and Equipment	14	-	-
Intangible Assets	15	-	-
Long Term Receivables from Exchange Transactions	10	172,843,863	-
Investment Property	16	-	-
Total non- current assets		172,843,863	-
Total Assets		247,238,078	157,467,022
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Administration expenses due	17	282,466	-
Prepaid loans	11	249,239	-
Employee Benefit Obligations	20	-	-
Social benefit liabilities	21	-	-
Total current liabilities		531,705	-
Non-Current Liabilities			
Long Term Portion of Borrowings	19	-	-
Non-Current Employee Benefit Obligation	20	-	-
Social benefit liabilities	21	-	-
Total Liabilities		531,705	-

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Net Assets		246,706,373	157,467,022
Revolving Fund		226,449,496	151,801,069
Accumulated Surplus		20,256,877	5,665,953
Total Net Assets and Liabilities		246,706,373	157,467,022

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 8th Feb. 2024 and signed by:



.....
Name: **Martin Epus**
Administrator of the Fund



.....
Name: **Rose Chelangat**
Fund Accountant
ICPAK Member Number:21194



**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	140,949,496	-	10,851,573	151,801,069
Surplus/(Deficit) For the Period	-	-	5,665,953	5,665,953
Funds Received During the Year	-	-		-
Transfers	-		-	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	140,949,496	-	16,517,526	157,467,022
Balance As At 1 July 2022	140,949,496	-	16,517,526	157,467,022
Surplus/(Deficit)For the Period		-	3,739,351	3,739,351
Funds Received During the Year	98,000,000	-	-	98,000,000
Transfers	(12,500,000)		-	(12,500,000)
Revaluation Gain	-	-	-	-
Balance As At30 June 2023	226,449,496	-	20,256,877	246,706,373

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		4,701,366	741,462
Interest received from fixed deposits accounts	4	472,562	6,773,714
Receipts from other operating activities		-	
Total receipts		5,173,928	7,515,176
Payments			
Fund administration expenses		1,351,289	247,114
General expenses-Bank Charges	7	720	1,016,057
Other payments		-	-
Total Payments		(1,352,009)	(1,263,171)
Net cash flows from operating activities	22	3,821,919	6,252,005
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Principal Loan Repayment		38,759,366	48,958,022
Mortgage and Car loan advanced to member of county assembly		(269,000,000)	-
Net cash flows used in investing activities		(230,240,634)	48,958,022
Cash flows from financing activities			
Transfers from County Government	2	98,000,000	-
Transfers to Staff Car Loan Fund		(12,500,000)	-
Net cash flows used in financing activities		85,500,000	-
Net increase/(decrease) in cash & cash Equivalents		(140,918,715)	55,210,027
Cash and cash equivalents at 1 July		156,154,663	100,944,636
Cash and cash equivalents at 30 June		15,235,948	156,154,663

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Statement of Comparison Of Budget And Actual Amounts For The Period

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						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	-		-	-	-	100%
Interest Income	4,901,264	-	4,901,264	4,901,264	-	100%
Other Income-Fixed Deposit Interests	472,562	-	472,562	472,562	-	
Total Income	5,373,826	-	5,373,826	5,373,826	-	100%
Expenses						
Fund Administration Expenses	1,633,755	-	1,633,755	1,633,755	-	100%
General Expenses-Bank Charges	720	-	720	720	-	100%
Finance Cost	-	-	-	-	-	
Total Expenditure	(1,634,475)	-	(1,634,475)	(1,634,475)	-	100%
Surplus For the Period	3,739,351	-	3,739,351	3,739,351	-	100%

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2023

18. Notes to the Financial Statements

1. General Information

Kericho County Assembly Members Car Loan & Mortgage Fund is established by The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Scheme Fund) Regulations, 2016. The Regulations was established appropriately to guide the implementation for the benefits of Members of the County Assembly. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's objective is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><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>

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
	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.

(iii) Early adoption of standards

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 8th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations 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 2022-2023 budget.

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.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. 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.

Summary of Significant Accounting Policies (Continued)

e) Financial instruments

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the 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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 25*.

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.

f) 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.

g) 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.

h) 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.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Summary of Significant Accounting Policies (Continued)

i) 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.

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.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements

k) Changes in accounting policies and estimates

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

l) Employee benefits– Retirement benefit plans

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

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Summary of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) Related parties

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

p) 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.

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Notes to The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	98,000,000	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	98,000,000	-

3. Fines, penalties and other levies

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

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	4,901,264	741,461
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Fixed Deposits	472,562	6,084,289
Total Interest Income	5,373,826	6,825,750

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

5. Other income

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

6. Drawings

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer to Staff Car Loan and Mortgage Fund	12,500,000	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Others	-	-
Total	12,500,000	-

7. Fund Administration Expenses

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Fund Administration Fees	1,633,755	247,154
Withholding Taxes	-	912,643
Bank Charges	720	-
Total	1,634,475	1,159,797

8. Gain Gain/(loss) on disposal of assets

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Total	-	-
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9. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Main Car& mortgage loan account	12,558,543	128,840,702
Car &mort. Interest account	2,677,406	17,985,020
Fixed Deposit interest account	-	9,328,941
Others	-	-
Total Cash And Cash Equivalents	15,235,949	156,154,663

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs.	Kshs.
a) Fixed Deposits Account	022000037438	-	
		-	-
		-	-
Sub- Total		-	-
b) On - Call Deposits			
Sub- Total		-	-
c) Current Account			
Family bank-Main	022000011142	12,558,543	128,840,702
Family bank-Interest	022000027965	2,677,406	17,985,020
Family bank-Fixed deposit interest	022000030241	-	9,328,941
Sub- Total		15,235,949	156,154,663
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		15,235,949	156,154,663

10. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable for the year	199,897	-
Current Loan Receivable Due	-	1,312,359
Current Loan Receivable	58,958,369	-
Less: Impairment Allowance	-	-
Total Current Receivables	59,158,266	1,312,359
Non-Current Receivables		
Long Term Loan Receivables	172,843,863	-
Total Non- Current Receivables	172,843,863	1,312,359
Total Receivables From Exchange Transactions	232,002,129	1,312,359

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	6,987,254.40	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	58,118,890	-

11. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Loans	249,239	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	249,239	-

12. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

13. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
	-	-
	-	-
Sub- total	-	-
c. Equity investments		
	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year		
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

14. Property, plant and equipment

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

15. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

16. Investment Property

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements (Continued)

17. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued administration Expenses	282,466		-	
Other Payables	-		-	
Total Trade and Other Payables	282,466		-	
Ageing analysis(Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	282,466	100%	-	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	282,466		-	

18. Provisions

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

19. Borrowings

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

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings	-	-
Domestic Borrowings	-	-
Total Balance at End of The Year	-	-

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

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements (Continued)

20. Employee benefit obligations

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

21. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	=	=
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	=	=

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements (Continued)

22. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	3,739,351	5,665,953
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(199,898)	586,051
Increase In Payables	282,466	-
Net Cash Flow From Operating Activities	3,821,703	6,252,005

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements (Continued)

23. 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	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	98,000,000	-
Transfers To Related Parties	(12,500,000)	-

c) Key management remuneration

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

d) Due from related parties

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Other Disclosures Continued

e) Due to related parties

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

24. Contingent assets and contingent liabilities

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Notes to the Financial Statements (Continued)

25. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 2023				
Receivables From Exchange Transactions	231,802,232	231,802,232	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	15,235,948	15,235,948	-	-
Total	247,038,180	247,038,180	-	-
At 30 June 2022				
Receivables From Exchange Transactions	1,312,359	1,312,359	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	156,154,663	156,154,663	-	-
Total	157,467,022	157,467,022	-	-

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Notes To The Financial Statements (Continued)

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

The entity has no significant concentration of credit risk on any amount.

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 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 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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Notes to the Financial Statements (Continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going 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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022-2023			
Euro	10%	-	-
USD	10%	-	-
2021-2022			
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 competitively endeavoured to bank with Family Bank Ltd that offer favourable interest rates.

Sensitivity analysis

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

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Notes to the Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	140,949,496	140,949,496
Accumulated surplus	20,256,877	16,517,526
Total funds	161,206,373	157,467,022
Total borrowings	0	0
Less: cash and bank balances	15,235,949	156,154,663
Net debt/(excess cash and cash equivalents)	15,235,949	156,154,663
Gearing	0	0

26. Events after the reporting period

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

27. Ultimate and Holding Entity

The entity is a County Public established by and derives its authority and accountability from Article 230 of the constitution.. Its ultimate parent is the County Government of Kericho.

28. Currency

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


**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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29. 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: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in the statement of cash flows	The inaccuracies were corrected.	Resolved	
2	Lack of an approved Budget	The management will prepare and approve budget for the financial year	Resolved	
3	Unsecured loans	The management will ensure all loans disbursed are secured with loanees’ property.	On-going	30th December 2024
4	Lack of internal Audit review	The internal audit review was done after the close of financial year. Future reviews will be done within the financial year.	Resolved	


Martin Epus,
Fund Account Manager.

Date 8/2/2024



**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Annex II: Inter-Fund Confirmation Letter

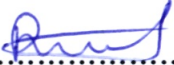
*Kericho County Assembly
P.O BOX 1526-20200,
KERICHO*


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

Confirmation of amounts received by Kericho County Assembly as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Kericho County Government as at 30 th June 2023				Amount Received by Kericho County Assembly (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
RTGS FT2232621KFA	27/11/2022			98,000,000	98,000,000	98,000,000	0
Total				98,000,000	98,000,000	98,000,000	0

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

**Rose Chelangat,
Fund Accountant:**

Name Sign  Date



**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments