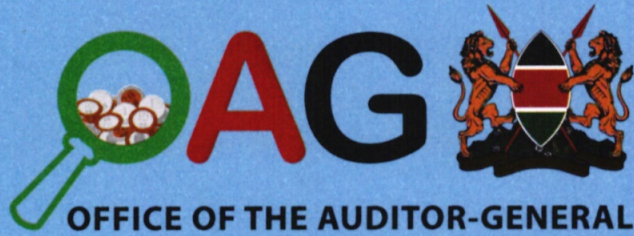


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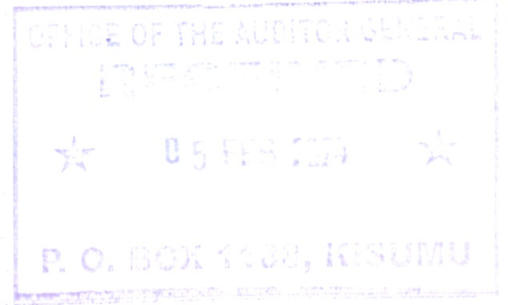
THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF KISUMU CAR LOAN
AND MORTGAGE FUND**

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

PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHGROP



**COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE FUND
SCHEME**

**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)**

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

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1. Key Entity Information and Management

a) Background information

The Kisumu County Assembly car loan scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Kisumu County adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.


b) Principal Activities




The principal activity/mission/ mandate of the Fund is to provide car loans and mortgage facility to members and staff of the Assembly

Core Values


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

c) Fund Administration Committee

Name	Details of qualifications and experience
 <p>Hon. Pamela Awuor Oyoo</p> <p>MCA – Migosi Ward</p> <p>Vice Chair to the County Assembly Service Board</p>	<p>Hon. Pamela Oyoo is the MCA for Migosi Ward, Kisumu County.</p> <p>She also sits in the County Assembly of Kisumu as the Vice-chairperson of the Board. She is also a business lady. She has a Degree in Bachelor of Arts (Project Planning and Management)</p>

 <p>Hon. Seth Ochieng Kanga MCA – Market/ Milimani Ward Majority Whip</p>	<p>Hon. Seth Ochieng is a veteran politician. She represents Market/ Milimani ward located within Kisumu City..</p> <p>Hon. Ochieng is also the current Majority Chief Whip at the Kisumu County Assembly</p> <p>Hon. Ochieng is a career politician and a businessman.</p> <p>She has qualifications in Administration from the Kenya School of Government and a Diploma in Business Administration from Kenya Institute of Management (KIM)</p>
 <p>Mr. Owen Ojuok The Clerk – Kisumu County Assembly Fund Administrator – Kisumu County Assembly Car Loan and Mortgage Fund Scheme</p>	<p>Mr. Owen Ojuok is the current Clerk of Kisumu County Assembly.</p> <p>Mr. Ojuok is also the Fund Administrator for Kisumu County Assembly Car Loan and Mortgage Fund Scheme</p> <p>Mr. Ojuok is a qualified lawyer. He also currently pursuing his Masters Degree in Law at the University of Nairobi</p>
	<p>Mr. Boaz Ouko is the chair of the Kisumu County Assembly Staff Welfare association. Mr. Ouko is a career civil servant who has served in numerous capacities within the civil service before being deployed to the assembly.</p> <p>Mr. Ouko is currently serving as senior administration officer at the Kisumu County Assembly.</p>

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

<p>Mr. Boaz Ouko Staff Representative to the Fund</p>	<p>He has a Diploma in Management from Kenya Institute of Management</p>
<div style="text-align: center;">  </div> <p>CPA Felix Owuor Finance Officer – County Assembly of Kisumu Fund Accountant</p>	<p>CPA Felix Owuor is the Principal Finance Officer at the County Assembly of Kisumu.</p> <p>CPA Owuor also serves as the official accountant for the fund.</p> <p>CPA is a qualified chartered accountant. He has a degree in Commerce (Banking and Finance) from Moi University</p>

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Mr. Owen Ojuok
2	Fund Accountant	Mr. Geoffrey Omollo

e) Registered Offices

P.O. Box 86 – 40100,
 Kisumu County Assembly Buildings
Kisumu,
KENYA

f) Fund Contacts

E-mail: kisumuassembly@gmail.com
 Website: www.kisumuassembly.go.ke

g) Fund Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000
 City Square 00200
 Nairobi, Kenya

2. Kenya Commercial Bank
 (KISUMU BRANCH)
 P.O. Box 19828 - 00100
 Nairobi, Kenya

h) Independent Auditors

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

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

i) Principal Legal Adviser

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

2. Fund Chairperson's Report

It is my pleasure to present, on behalf of the Management Committee, the Kisumu County Assembly Car Loan and Mortgage Fund financial statements for the year ended 30th June, 2023. The financial statements present the financial performance of the Fund over the past year.

Sustainability

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

The Fund has conducted a basic assessment of available options for feasible financing tools that would assure the Fund of its long term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Review of performance

Income

The Fund earned revenues amounting to **Kshs. 4,933,886** from interest income.

Expenditures


The total expenditures during the FY 2022/2023 amounted to **Kshs. 854,913**. Out of this amount, significant expenses included the administration expenses amounted to **Kshs. 851,000** and bank charges.

The fund had not received the fund management fee note for their services as at the time closing the books of accounts

Appreciation

This is the last report that this committee is presenting as the term of the Second County Assembly of Kisumu sittings end. I take this opportunity to express my sincere gratitude and appreciation to the County Assembly Service Board, the Fund administrator and his support team and fellow management committee members for their continued support which made us achieve these results.

I look forward to your continued support for the team that shall be in be in charge in the financial year 2023/2024.

Signed: 

Hon. Pamela Awuor Oyoo

Management Committee Chairman

3. Report of the Fund Administrator

Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by the Public Finance Management (Kisumu County Assembly Car and Mortgage Loan Scheme Fund) Regulations, 2014 on 31st December 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended 30 June, 2023. This responsibility includes: i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; iv) Safeguarding the assets of the fund; v) selecting and applying appropriate accounting policies; and vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Kisumu County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 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 period ended 30 June, 2023 and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

It is my pleasure to present Kisumu County Assembly Car Loan and Mortgage Fund financial statements for the ended 30 June, 2023. The financial statements present the financial performance of the Fund over the past year.

The Fund was established during the first assembly and is now serving the second assembly members. At the beginning of the Fund's operations in 2017, the Funds had the initial seed money of Kshs.250,000,000. The Fund has since then received additional input of Kshs.15,000,000 which was received in during the FY 2019/2020. The fund had requested for additional funding of Kshs.10,000,000 in FY 2020/2021 and Kshs 15,000,000 in FY 2021/2022

and Kshs 14,000,000 in FY 2022/2023. In addition, the fund was able to restore the Kshs. 100,000,000 which had been used to pay car grants to members of the 2nd Assembly in FY 2020/2021.

Financial Performance

a) Revenue

In the year ended 30 June 2023, the Fund had projected revenues of **Kshs.123,112,110**. Out of this projected amount, the Fund was able to realise **Kshs.124,045,996** in actual revenues, representing over **101%** in performance.

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

Revenue classification	Revenue budget (Kshs.)	Actual (Kshs.)	Realization (%)
Revenue			
Transfers from the Exchequer	119,112,110	119,112,110	100%
Interest income	4,000,000	4,933,886	123%
TOTAL	123,112,110	124,045,996	101%

Loans

In this operations period, the fund managed to disburse a number of loans to only one qualifying staff members and a top-up to another member of staff.

b) Cash flows

In the FY 2021/2022, the Fund did not experience a significant liquidity disruption. The cash and cash equivalents experienced a significant reduction from as at **Kshs.73,866,331** as at 30 June, 2022 to **Kshs. 50,625,924** as at 30th June, 2023.

The Fund did manage to receive the expected tranche of budgeted for Exchequer injection of **Kshs.105,000,000** and the partial payment of the debt owed to the fund by the Assembly of Kshs. 14,112, 110 thereby reducing the total debt down to **Kshs 30,760,521** from **Kshs. 44,872,631** by close of the FY 2022/2023.

Conclusion

The FY 2022/2023 was generally a good year for the Fund. Nonetheless, the Fund takes pride in the fact that it has achieved commendable progress in enabling the dreams of the new members of the third assembly who were privileged to receive affordable credit for the financing of their car ownership and home ownership projects. The Fund hopes to leverage on these small gains to create further momentum towards greater future achievements in facilitating the dreams of applicants

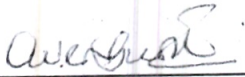
I take this opportunity to thank the County Assembly Service Board and the Management Committee for their support. I also want to thank all staff who we have worked hand in hand to

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

ensure that the Kisumu County Assembly Car Loan and Mortgage Fund achieve its core mission and mandates.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th June, 2023 and signed on its behalf by:



Name: Owen O. Ojuok
Fund Administrator

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board. The accounting officer shall include a statement of the county government entity's performance against predetermined objectives

The key development objective of the Kisumu County Car Loan and Mortgage Fund Scheme for the FY 2022/2023 according to its approved budget was to provide loan services to applicants particularly the newly elected and nominated members of the third Assembly. Accordingly, the Kisumu County Assembly had made an allocation of Kshs. 100,000,000 for the fund in its budget for the FY 2022/2023. The amount was allocated in order to replace a similar amount which had previously been used to award the members Car Grants.

The allocated amount was factored in the approved budget of the Car Loan and Mortgage Scheme.

The allocated amount was disbursed to the scheme in time by the Exchequer to the fund's account and was therefore disbursed to members as car loans and mortgage loans.

The fund is looking forward to speedy disbursement of funds by the Exchequer in future in order to enable it to carry out its mandate effectively.

5. Corporate Governance Statement

5.1 THE KISUMU COUNTY ASSEMBLY SERVICE BOARD

The Kisumu County Assembly Car Loan and Mortgage Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TSMWH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members and staff. The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Fund is a formal governance structure with the CASB and the Fund Management Committee at its apex.

The operations of the Fund are governed by The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations made on 26th April, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the Fund Management Committee.

5.2 THE FUND MANAGEMENT COMMITTEE

The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations provide that the Management Committee shall be made up of members, including the chairman, and shall consist of a chairperson and other members nominated by fellow members. The Fund Management Committee is responsible for the long-term strategic direction of the Fund and guidance of the Fund Administrator and his support team. The Fund Management Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Committee is provided with full, appropriate and timely information that enables it to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Fund is delegated to the Fund Administrator but the Fund Management Committee is responsible for establishing and maintaining the Fund's system of internal controls for the realization of its mandate of providing car loan and mortgage facility to members.

Committee Meetings

The Fund Management Committee meets regularly or as required in order to monitor the implementation of the Fund's strategic plan and achievement of the targets as agreed upon with the Fund administrator and the support team.

6. Management Discussion and Analysis

The Kisumu County Assembly Car Loan And Mortgage Fund Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Kisumu County adopted the PFM regulations 2014 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.

The management committee allocated funds to members considering;

- a) Duly filled application forms,
- b) Amount applied for by the member,
- c) A summarized assessment of the members' repayment capability,
- d) A security provided and forced sale value of such security. (The committee resolved that only valid certificates of title, either leasehold or freehold shall be accepted), and
- e) Duly executed transfer forms in favour of the County Assembly Service Board.

All the loans have been secured with title deeds, log books or leasehold properties certificates. All the car loans and mortgages have been insured. The insurance covers the following risks among others: loss of seat pursuant to Article 194 of the Constitution of Kenya, death and permanent disability. As a provisional measure, the committee retains 3 percent of the loan amount for the purposes of procuring the insurance cover.

Challenges Faced by the Management Committee

The committee has faced some challenges in the management of the car loan and mortgage:

- a) Inadequate understanding by members on the need to provide security for the loans.
- b) Inadequate awareness by the members on the procedure for applications of the loans.
- c) Inadequate skills of secretariat with regards to managing the accounts and books of the committee. The secretariat has had to learn most of the things on the job as there was no reference point for most of the questions/ challenges the secretariat is faced with.
- d) Inadequate understanding by members on the mortgage process and the need to take time to establish uniform laid down procedures from the start to the end of the entire car loan/ mortgage process.
- e) Lack of adequate funds. The fund requires at least Kshs. 450,000,000 in order to adequately cater for all the members and staff who require the credit services of the scheme.

The Fund continues to register growth over the years and the management has put measures in place to safeguard against risks. 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 members with established credible and reliable credit history.

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

BUSINESS PERFORMANCE

Revenue

The Fund earned revenues amounting to **Kshs. 4,933,886** from interest income. This represented an income increase of 30% from the previous financial year.

7. Report of the Management Committee

The Fund Management Committee submits their report together with the unaudited financial statements for the quarter ended 30th June, 2023 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide car loan and mortgage financing to the members of the Assembly

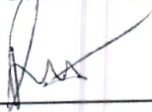
Results

The results of the Fund for the period ended 30th June, 2023 are set out on pages 1 to 5.

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 Management Committee



Hon. Pamela Awuor Oyoo
Chairperson - Fund Management Committee

Date: 30th June, 2023

8. 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 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 Kisumu County Assembly Car Loan and Mortgage 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 quarter ended on March 30, 2022. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Fund;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

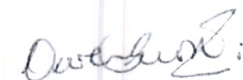
The Administrator of the Kisumu County Assembly Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended 30, June, 2022 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 Kisumu County Assembly Car Loan and Mortgage Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The fund's financial statements were approved by the Board on 30th June 2023 and signed on its behalf by:

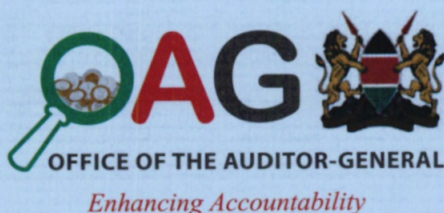


Owen Ojuok

Fund Administrator - Kisumu County Assembly Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kisumu Car Loan and Mortgage Scheme Fund set out on pages 1 to 14, which comprise of the

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

statement of financial position as at 30 June, 2023, and the statement of financial performance and statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts and notes to the financial statements for the year then ended 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, the financial statements present fairly, in all material respects, the financial position of County Assembly of Kisumu 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 Kisumu County Assembly Car Loan and Mortgage Scheme Fund 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Fund Administration Expenses

The statement of financial performance reflects an amount of Kshs.851,000 in respect to fund administration expenses which, as disclosed in Note 3 to the financial statements represents sitting allowances for Management Committee meetings. However, the committee chairman and committee members were paid sitting allowance at a rate of Kshs.5,000 and Kshs.4,000 respectfully but no documentation was provided in support how these rates were determined.

In the circumstances, the accuracy and completeness of fund administration expenses of Kshs.851,000 could not be confirmed.

2. Long Outstanding Debt

The statement of financial position in respect of car loan and mortgage recoveries, reflects a balance of Kshs.30,760,521 and as disclosed in Note 9 to the financial statements in respect to debts owed by the County Assembly of Kisumu in respect of car loan and mortgage recoveries which has been outstanding since 2016/2017 financial year.

In the circumstances, full recoverability of this amount is doubtful and hence the accuracy of the debt of Kshs.30,760,521 could not be confirmed.

3. Long Term Receivables

The statement of financial position reflects long term receivables balance of Kshs.210,972,314 which as disclosed in Note 10 to the financial statements includes car and mortgage loan disbursements for the period under review. However, the following issues were noted;

- i. The logbooks and title deeds used as collateral were not jointly owned with the loanees.

- ii. The financial statements reflect an amount of Kshs.176,190,000 in respect of loans disbursed during the year while the amortization schedule provided for audit reflects Kshs.180,547,098 resulting to an unexplained and unreconciled variance of Kshs.4,357,098.
- iii. The loan outstanding balance includes a non-performing loan for one (1) borrower amounting to Kshs.3,200,821 whose recovery has not been made and no explanation was provided for failure to recover the balance before the end of the term of the former Speaker.
- iv. The schedule provided for audit in respect of loan repayment reflect an amount of Kshs.29,474,478 while Note 14 to the financial statements reflect a balance of Kshs.29,758,509 leading to an unexplained and unreconciled variance of Kshs.284,031.

In the circumstances, the accuracy and recovery of long-term receivables balance of Kshs.210,972,314 could not be confirmed.

4. Inaccuracies in the Statement of Budget and Actual Amounts

Review of the statement of comparison of budget and actual amounts revealed that finance costs have not been included in the budget. Further, there were casting errors in the column for performance difference amounts for revenue, fund administrative expenses and management fees. In addition, the statement of financial performance reflects a surplus of Kshs.4,078,973 while the statement of comparison of budget and actual amounts for the period reflects an amount of Kshs.2,683,526 resulting to an unexplained and unreconciled variance of Kshs.1,395,447.

In the circumstances, the accuracy and completeness of the statement of budget and actual amounts could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.4,000,000 and Kshs.4,933,886 respectively resulting to an over-funding of Kshs.214,474. Similarly, the Fund spent Kshs.851,000. against an approved budget of Kshs.4,000,000 resulting to an under-expenditure of Kshs.3,149,000 or 79% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised and remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow-up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Doubtful Recovery of Loan Owed by Former County Assembly Speaker

As disclosed in Note 15 to the financial statements, a legal case No.32 of 2019 was filed against a former Speaker of the County Assembly who defaulted in paying a loan of Kshs.8,389,339. Although the Fund Management disclosed that the recovery of the amount was contingent upon factors beyond their control, no provision for bad and doubtful debts was made in the financial statements. Further, the loan facility was issued to the former Speaker without a joint registration of a motor vehicle logbook and a charge registered on the property financed as required by Regulations 10(2) of the of the Kisumu County Assembly (Car Loan Scheme Fund) Regulations, 2020 and the Kisumu County Assembly (Mortgage Scheme Fund) Regulations, 2020 respectively.

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

2. Over Expenditure in Administration Expenses

The statement of financial performance reflects fund administration expenses of Kshs.851,000, which represents 21% of the approved budget of Kshs.4,000,000. This means that the Management incurred an administration expenditure of Kshs.731,000 (18%) over and above the allowable ceiling of 3% contrary to Regulation 197 (1)(d) of the Public Finance Management (County Governments) Regulations,2015 which requires that the establishment of a county public Fund be at the minimum meet the administration costs of the Fund which shall be a maximum of three (3%) percent of the approved budgets of the Fund.

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

3. Unbalanced Budget

A review of the statement of comparison of budget and actual amounts revealed that the Management prepared an unbalanced budget that reflects budgeted income of Kshs.4,000,000 and budgeted expenditure of Kshs.2,000,000 resulting to an unexplained variance of Kshs. 2,000,000. This is contrary to Public Finance Management Regulations of 2015 Regulation 33(c) which states 'Unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the following guidelines shall be observed at all times during budget formulation and approval—(c) budget shall be balanced'.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Function

During the year under review, there was no evidence indicating that the activities, internal controls, accounting systems and governance processes of the Fund were reviewed and

evaluated by an internal auditor. This is contrary to Regulation 153 of the Public Finance Management Regulations (County Governments) Regulations, 2015, which requires internal audit to be carried out regularly.

In the circumstances, there was no assurance that irregularities in the Fund could be identified and rectified in a timely manner.

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

Responsibilities of Management and 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 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 that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

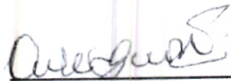
Nairobi

14 February, 2024

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

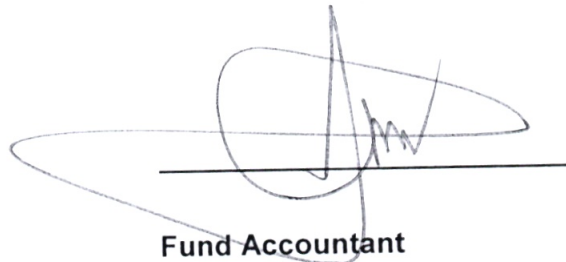
10. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Revenue from exchange transactions			
Interest income	1	4,933,886	3,785,526
Other income	2	-	30,000,000
Total revenue		4,933,886	33,785,526
Expenses			
Fund administration expenses	3	851,000	732,000
Office Operation expenses	4	-	370,000
Finance Cost	5	3,913	5,284
Car Grant Tax	6	-	30,000,000
Total expenses		854,913	31,107,284
Surplus/(deficit) for the period		4,078,973	2,678,242



Fund Administrator

Name: Owen Ojuok



Fund Accountant

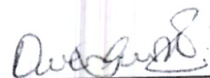
Name: Felix O. Owuor

ICPAK No. 22874

11. Statement of Financial Position as at June 30, 2023

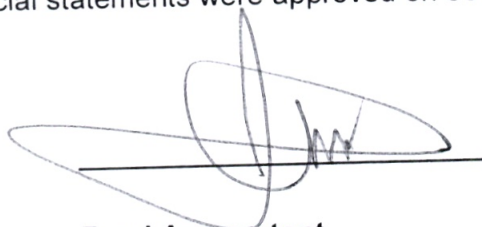
	Note	FY 2022/2023 Kshs	FY 2021/2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	8	50,625,924	73,866,331
		50,625,924	73,866,331
Non-current assets			
Debts	9	30,760,521	44,872,631
Long term receivables	10	210,972,314	64,540,824
		241,732,835	109,413,455
Total assets		292,358,759	183,279,786
Net assets		292,358,759	183,279,786
Revolving Fund	11	165,000,000	165,000,000
Transfer from Exchequer		105,000,000	-
Accumulated surplus	11	22,358,758	18,279,785
Total equity		292,358,758	183,279,785

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June, 2022 and signed by:



Fund Administrator

Name: Owen Ojuok



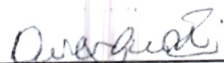
Fund Accountant

Name: Felix O. Owuor
ICPAK No. 22874

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

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

	Revolving Fund	Revaluation Reserve	TOTAL
	KShs	KShs	KShs
Balance as at 1 July 2021	165,000,000	15,601,543	180,601,543
Surplus/(deficit) for the period		2,678,242	2,678,242
Exchequer Release	-		-
Balance as at 30 June 2022	165,000,000	18,279,785	183,279,785
		-	-
Balance as at 1 July 2022	183,279,785	-	183,279,785
Exchequer Release	105,000,000		105,000,000
Surplus/(deficit) for the period	-	4,078,973	4,078,973
Balance as at 31 June 2023	270,000,000	22,358,758	292,358,758



Fund Administrator

Name: Owen Ojuok



Fund Accountant

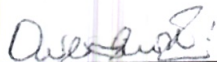
Name: Felix O. Owuor

ICPAK No. 22874

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

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

		FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES	NOTES		
<u>Receipts</u>			
Exchequer Releases	12	119,112,110	-
Interest Received	1	4,933,886	3,785,526
Receipts from other Operating activities	2	-	30,000,000
		124,045,996	33,785,526
<u>Payments</u>			
Fund administration expenses	3	(851,000)	(732,000)
Finance costs		(3,913)	(5,284)
Taxes	6	-	(30,000,000)
Office Operations Cost	4	-	(370,000)
Loan Overpayment Refunds	7	-	(893,247)
Net cash flows from operating activities		123,191,083	1,784,995
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan Disbursements for the period	13	(176,190,000)	(26,114,000)
Proceeds from Repayments	14	29,758,509	77,179,285
Net cash flows from investing activities		(146,431,491)	51,065,285
Net increase/(decrease) in cash and cash equivalents		(23,240,407)	52,850,280
Cash and cash equivalents at beginning of period		73,866,331	21,016,050
Cash and cash equivalents at end of period	8	50,625,924	73,866,331



Fund Administrator

Name: Owen Ojuok



Fund Accountant

Name: Felix O. Owuor
ICPAK No. 22874

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND

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

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

ITEM	NOTES	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization
		2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Revenue							
Interest income	1	4,000,000	-	4,000,000	4,933,886	214,474	123%
Other income	2	-	-	-	-	-	0%
Total income		4,000,000	-	4,000,000	4,933,886	214,474	123%
Expenses							
Fund administration expenses	3	800,000	-	800,000	851,000	68,000	106%
Fund Manager Fee	15	1,200,000	-	1,200,000	-	-	0%
Total expenditure		2,000,000	-	2,000,000	851,000	68,000	43%
Surplus for the period		2,800,000	-	2,800,000	2,683,526	116,474	96%

15. Significant Accounting Policies

1. 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.

2. Revenue recognition

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.

Loans and receivables

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

3. Provisions

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

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

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

Contingent liabilities

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

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.

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND

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

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.

4. Events after the reporting period

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

5. Ultimate and Holding Entity

The entity is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the KISUMU county assembly.

6. Currency

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

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

16. Notes to the Financial Statements

1. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interests from Car Loans and Mortgages	4,933,886	3,785,526
Total	4,933,886	3,785,526

2. Other income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Income from Tax Paid and Recovered	0.00	30,000,000
Total	0.00	30,000,000

3. Fund Administration Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Sitting Allowances	851,000	732,000
Total	851,000	732,000

4. Office Operations Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Office Operations	0.00	370,000
Total	0.00	370,000

5. Finance Cost

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Bank Charges	3,913	5,284
Total	3,913	5,284

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

6. Car Grant Taxes

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Commissioner of Domestic Taxes	0.00	30,000,000
Total	0.00	30,000,000

7. Loan Overpayment Refunds

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
John Kennedy Agengo	0.00	893,247
Total	0.00	893,247

8. Cash and Cash Equivalents

Description	FY 2021/2022	FY 2020/2021
	Kshs.	Kshs.
Car loan and mortgage account	50,625,924	73,866,331
Total	50,625,9241	73,866,331

9. Debt

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
County Assembly of Kisumu	30,760,521	44,872,631
Total	30,760,521	44,872,631

The listed debt of Kshs.30,760,521 is in respect of the debt that the County Assembly of Kisumu owes the fund due to unremitted Car Loans and Mortgages deductions from the FY 2016/2017 as outlined below.

**COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE
AMOUNT OWED TO THE FUND AS AT 30 JUNE, 2023**

Details	Period	Amount
Payroll Deductions	January - December 2016	85,952,242
Payroll Deductions	January - August 2017	44,858,526
Total Deductions		<u>130,810,767</u>
Less:		
Remittances		-78,759,241
Amount Owed to the Fund as at 31/08/2017		<u>52,051,526</u>
Amount Paid on 30/05/2018		7,178,895
BALANCE DUE		<u>44,872,631</u>
Less		
Repayment (09/03/2023)		14,112,110
TOTAL AMOUNT DUE		<u>30,760,521</u>

10. Long-term Receivables

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Car Loan and Mortgage Balances	210,972,314	64,540,824
Total	210,972,314	64,540,824

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

11. Revolving Fund and Accumulated Surplus

	Revolving Fund	Revaluation Reserve	TOTAL
	KShs	KShs	KShs
Balance as at 1 July 2021	165,000,000	15,601,543	180,601,543
Surplus/(deficit) for the period		2,678,242	2,678,242
Exchequer Release	-		-
Balance as at 30 June 2022	165,000,000	18,279,785	183,279,785
		-	-
Balance as at 1 July 2022	183,279,785	-	183,279,785
Exchequer Release	105,000,000		105,000,000
Surplus/(deficit) for the period	-	4,078,973	4,078,973
Balance as at 31 June 2023	270,000,000	22,358,758	292,358,758

12. Loan Disbursements

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Exchequer Releases	119,112,110	0
Total	119,112,110	0

13. Loan Disbursements

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Car loan and Mortgages Disbursed	176,190,000	26,114,000
Total	176,190,000	26,114,000

14. Proceeds from Repayment

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Loans Repayments	34,692,396	80,964,811
Interest Earned	4,933,886	3,785,526
Net Repayment	29,758,509	77,179,285

15. Contingent Liability

The former speaker to the Assembly Hon. George Onyango Oloo, a beneficiary of the scheme currently owes the fund the sum of **Kshs.8,389,339.00**. The amount owed is in arrears and recovery process has been initiated. It should be noted that settlement of the amount owed is contingent to factors beyond the funds control and therefore presents a contingent liability that the scheme may be forced to assume in the interminable future.

Contingent liabilities	FY2021/2022
	KShs.
Legal Case No. 32 of 2019	8,389,339

16.

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Officer Responsible	Timeframe: (Put a date when you expect the issue to be resolved)
Par 1.1	Inaccuracies in the Financial Statements- Cash and Cash Equivalentents	The inaccuracies referred to were in respect of clerical errors	Resolved	Fund Accountant	
Par 1.2	Unreconciled Variances	The variances were occasioned by misstatement in the preparation of the comparison table. Correction have since been made.	Resolved	Fund Accountant	
Par 2	Defaulted Loan	The above loan repayment default is in regards to the former speaker of the County Assembly of Kisumu, Hon. George Onyango Oloo. We wish to state that the management has initiated recovery procedures for the same. Communication has so far been made to Hon.	Not resolved	Fund Administrator	1-2 years`

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Officer Responsible	Timeframe: (Put a date when you expect the issue to be resolved)
		Onyango Oloo and his lawyers regarding his overdue loan repayments. We also wish to inform the auditor that the management will pursue all avenues afforded to it by law to ensure full recovery of the amount owed to the fund by Hon. Oloo			
Par 3	Non-Interest Debt (County Assembly of Kisumu)	The amount in question is in respect of unremitted money which deducted for repayment. The management is looking forward to have the sum be allocated for by the Assembly for repayment in the coming budget.	Resolved	Fund Administrator	4 years