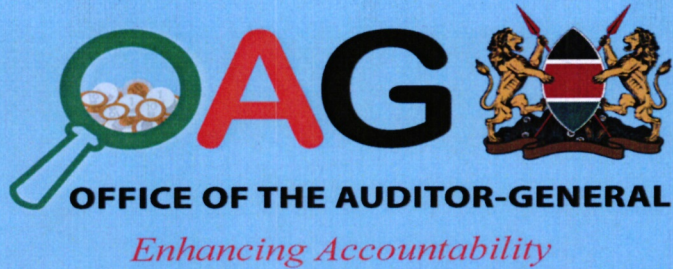


REPUBLIC OF KENYA



**REPORT**

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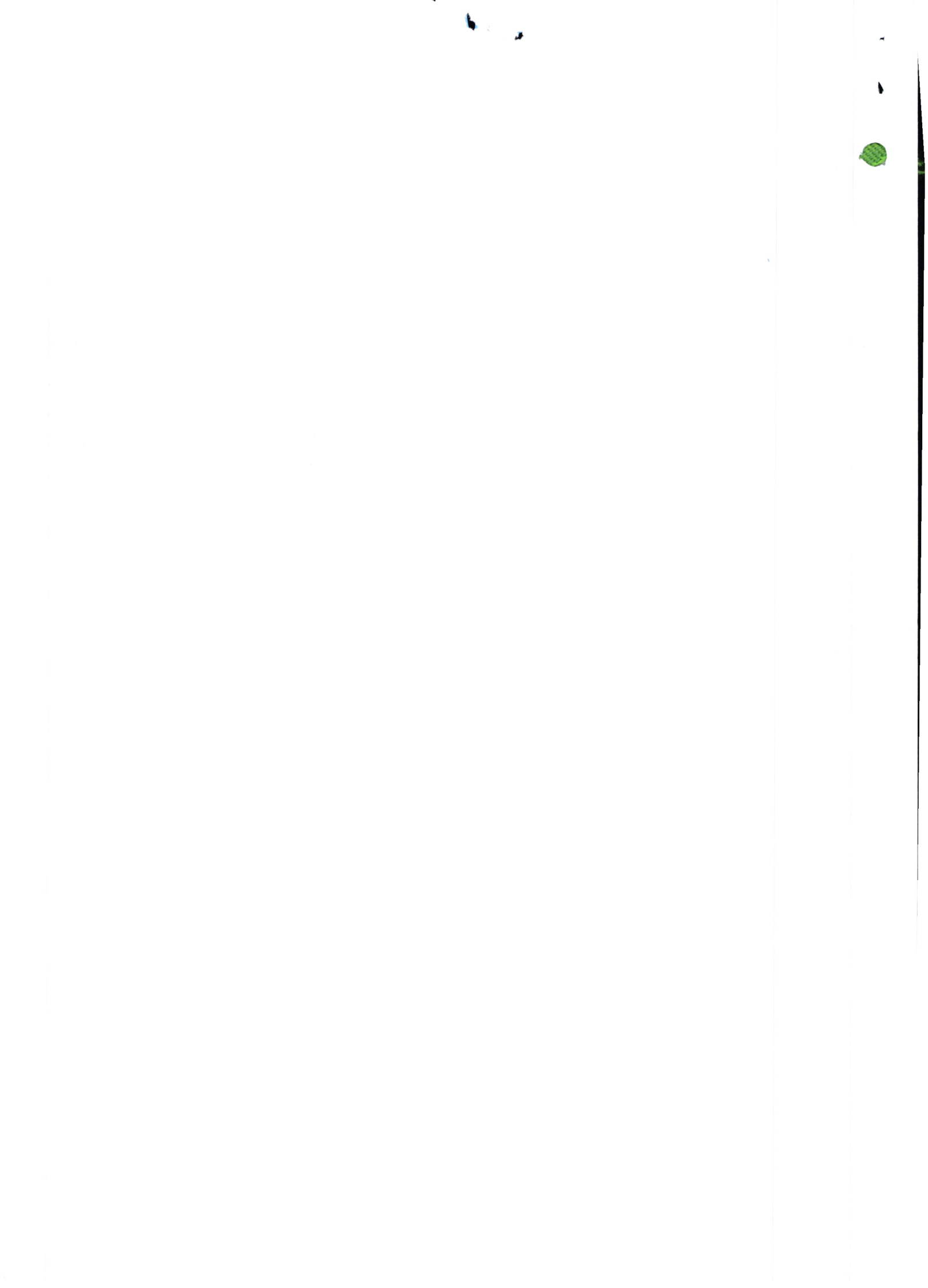
**OF**

**THE AUDITOR-GENERAL**

**ON**

**MACHAKOS COUNTY ASSEMBLY  
HOUSING AND CAR LOAN SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**MACHAKOS COUNTY ASSEMBLY  
(HOUSING AND CAR LOAN SCHEME) FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2022**

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

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*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2022*

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***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**1. Key Entity Information and Management**

**a) Background information**

Machakos County Assembly Staff Car Loan and Housing Scheme Fund is established by and derives its authority and accountability from Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 whose effective date was 6<sup>th</sup> December 2018. The Fund is wholly owned by the County Government of Machakos and is domiciled in Kenya.

The object and the purpose of the Fund is to provide for loan facilities for:

- a) The purchase, development or renovation of residential houses of members of the scheme and
- b) The purchase of personal vehicles by members of the scheme.

The County Assembly is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 59 Members of County Assembly (MCAs) elected and nominated to represent members of the public from their respective wards and one Speaker. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

**b) Principal Activities**

The object and the purpose of the Fund is to provide for loan facilities for:

- c) The purchase, development or renovation of residential houses of members of the scheme and
- d) The purchase of personal vehicles by members of the scheme.

**c) Loan Management Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1.	Hon. Mark Muendo	Leader of the Majority Party
2.	Hon. Alex Kamitu	Leader of the Minority Party
3.	Hon. Dominic Ndambuki	Chairperson of the Budget and Appropriation Committee
4.	Hon. Moses Mitaa	Majority Party Whip
5.	Hon. Jacqueline Nziva	Minority Party Whip
6.	Hon. Joseph Musau	male member of the County Assembly
7.	Hon. Constance Mbula	Female member of the County Assembly
8.	Mr. Felix Mbiuki	Fund Administrator/Secretary (Up to 8 <sup>th</sup> February, 2022)
9.	Mr. Joseph Mutisya	Fund Administrator/Secretary (w.e.f. 9 <sup>th</sup> )

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2022**

	February, 2022)	
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**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1.	Mr. Felix Mbiuki	Fund Administrator (Up to 8 <sup>th</sup> February, 2022)
2.	Mr. Joseph Mutisya	Fund Administrator (w.e.f 9 <sup>th</sup> February, 2022)
3.	Mr. Dennis Musyoka Mutui	Deputy Clerk- Legislative Services
4.	Mr. Peter Muema Mbatha	Ag. Deputy Clerk-Administration
5.	Mr. Sylvester Nzangi	Fund Manager
6.	Mr. Hillary Mbavu Muthui	Director-Legal and Library
7.	Mr. Francis Mutua Mwatha	Director- Internal Auditor
8.	Ms. Mary Luiza Kamau	Deputy Hansard Editor/Staff Representative
9.	Ms. Norah Mutio Muteti	Clerk Assistant/Staff Representative
10.	Mr. Benson Mulinge Mutua	Ag. Director- Finance, Accounts and Budget
11.	Mr. Dominic Mutuku Musyoka	Director - Procedure and Committee Services
12.	Ms. Nancy Wambui Wangai	Director - Supply Chain Management
13.	Mr. Justus Mutuku Musuma	Director – Human Resource and Administration

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**e) Registered Offices**

County Assembly Headquarters,  
Along Mwatu wa Ngoma Street  
P.O Box 1168-90100  
Machakos, KENYA

**f) Fund Contacts**

E-mail: [assemblymks@gmail.com](mailto:assemblymks@gmail.com)  
Website: [www.machakosassembly.com](http://www.machakosassembly.com)

**g) Fund Bankers**

Co-operative Bank of Kenya  
Machakos Branch

**h) Independent Auditors**



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

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**2. The Loan Committee**

Name	Details of qualifications and experience
<p>1. Hon. Mark Muendo</p> 	<p><b>D.O.B:</b> 28<sup>th</sup> August, 1964</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Diploma in Telecommunication</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• 2007-2010: Director of Tea Board , Ministry of Agriculture</li> <li>• 2002-2006: Director, Horticultural Crops Development Authority</li> <li>• 1997-2002: Councillor Mavoko Municipal Council</li> </ul>
<p>2. Hon. Alex Kamitu</p> 	<p><b>D.O.B:</b> 15<sup>th</sup> June, 1951</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Diploma in Leadership Management</li> <li>• EACE</li> <li>• Certificate in Computer Office Packages</li> <li>• Certificate in Management</li> <li>• Certificate in Corporate Governance</li> <li>• Certificate in Crisis Management</li> <li>• Certificate in Riot Control Management</li> <li>• Police Middle Management Course</li> <li>• British Army Training for Platoon Commander</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• 2013-2017: Member of County Assembly, Machakos County Assembly</li> <li>• 2006-2008: Security Liaison Manager KK Security</li> <li>• 2004-2006: ACP Administration, Nairobi Province</li> <li>• 2002-2004: OCPD Nandi</li> <li>• 2001-2002: Contingent Commander, UN Mission</li> </ul>

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<ul style="list-style-type: none"> <li>• 1996-2000: Staff Officer GSU Headquarters</li> <li>• 1984-1995: Incharge Junior Training Wing at GSU Training School</li> <li>• 1972-1983: GSU</li> </ul>
<p>3. Hon. Dominic Ndambuki</p> 	<p><b>D.O.B:</b> 15<sup>th</sup> April, 1984</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, Kenyatta University</li> <li>• Bachelor of Business Administration(Marketing), Kenya Methodist University</li> <li>• KCSE</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• 2009-2017: Customer Relations Supervisor, Toyota Kenya</li> </ul>
<p>4. Hon. Moses Mitaa</p> 	<p><b>D.O.B:</b> 27<sup>th</sup> October, 1977</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Diploma In Business Management</li> <li>• Certificate in Business Management</li> <li>• KCSE C-</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• Nov 2004-2017: Manager, Headline Publishers</li> <li>• June 2003- Oct 2004: Administrative Assistant, Headline Publishers</li> <li>• June 1998-May 2003: Administration Assistant: Jodge &amp; Kith International Limited</li> </ul>
<p>5. Hon. Jacqueline Nziva</p> 	<p><b>D.O.B:</b> 22<sup>nd</sup> July. 1981</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts, University of Nairobi</li> <li>• Diploma in Social Works and Social Development</li> </ul>

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• 2013-2017: Member of County Assembly, Machakos County Assembly</li> <li>• 2008-2013: Councillor, County Council of Masaku</li> </ul>
<p>6. Hon. Joseph Wambua</p> 	<p><b>D.O.B:</b> 19<sup>th</sup> March, 1979</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Science in Education, Egerton University</li> <li>• KCSE B+</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• August, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• 2005 to date: Director, Huruma Trading Company Limited</li> <li>• 2002-2004: Self Employed, JuaKali</li> </ul>
<p>7. Hon. Constance Mbula</p> 	<p><b>D.O.B:</b> 1<sup>st</sup> January, 1952</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• KCSE</li> <li>• Certificate in Computer Packages</li> <li>• Certificate in Office Management</li> <li>• Certificate in Performance Management</li> <li>• Certificate in: Communication Skills and Entrepreneurship, Integrity in Leadership, Strategic Planning, Community Development, Public Finance, Procurement and Taxation, Resource Mobilization, Development and Economics, Administrative Law, Project Development Management</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• September, 2017 to date: Member of County Assembly, Machakos County Assembly</li> <li>• June, 2016 to date: Member, Central Division Land Control Board</li> </ul>

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<ul style="list-style-type: none"><li>• July 2014 to date: Community Scholarship Board Member: Equity Wings to Fly</li><li>• June 2014 to date: Chairperson, Machakos Sub County Maendeleo ya Wanawake Organization</li><li>• 2003-2013: Member, Constituency Development Fund, Langata</li><li>• 1997-2002: Administrative Manager: Jamco Airport Services</li><li>• 1990-1997: Secretary, Central Bank of Kenya</li><li>• 1977-1990: Receptionist, Car &amp; General</li></ul>
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**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**3. Management Team**

Name	Details of qualifications and experience
<p>1. Mr. Felix.Gitari Mbiuki</p> 	<p>Clerk to the County Assembly of Machakos Up to: 08/02/2022 <b>D.O.B:</b> 24/06/1964</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelors of Commerce (Finance)</li> <li>• CPA (K)</li> <li>• Diploma in Public Administration (Galilee Israel)</li> <li>• Strategic Leadership Development Course</li> <li>• A Level</li> <li>• Computer packages</li> <li>• Member-ICPAK</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• 2011-2012: Clerk, Masaku County Council</li> <li>• 2007-2011: Town Clerk, Thika Municipal Council</li> <li>• 2005-2007: Town Treasurer: Nakuru Municipal Council</li> <li>• 2004: Town Treasurer, Mombasa Municipal Council</li> <li>• 2003-2004: Deputy City Treasurer, City Council of Nairobi</li> <li>• 1997-2003: County Treasurer, County Council of Kiambu</li> <li>• 1996-1997: County Treasurer, Siaya County Council</li> <li>• 1993-1996: County Treasurer, Tharaka Nithi County Council</li> <li>• 1990-1993: Accountant, Chuka Urban Council</li> </ul>



**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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<p>2. Mr. Joseph Laban Mutisya</p> 	<p>Clerk to the County Assembly of Machakos</p> <p>09/02/2022 to date D.O.B: 01/07/1974</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Masters in Business Administration</li> <li>• Bachelor of Science (HRM).</li> <li>• Higher Dip. in Human Resource Mgt</li> <li>• Dip. in Human Resource Mgt,</li> <li>• Dip. in Business Mgt &amp; Admin,</li> <li>• Cert. in Personnel Mgt &amp; Industrial Relations,</li> <li>• Member- IHRM</li> <li>• KCSE B-</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• May 2013-July 2018: Director, Human Resource Management, County Assembly of Machakos</li> <li>• 2013-May, 2013: Chief Administrative Officer, HRM, City Council of Nairobi</li> <li>• 2011-2012: Ag. Principal Administrative Officer,</li> <li>• 2010: Administrative Officer, City Council of Nairobi</li> <li>• 2003-2010: Internal Auditor, Contracts and Procurement, City Council of Nairobi</li> <li>• 2000-2003: Debt Collector, City Council of Nairobi</li> <li>• 1999: Clerical Officer, City Council of Nairobi</li> </ul> <p>1997-1998: Teacher, Mulli High School</p>
<p>3. Mr. Peter Muema Mbatha</p>	<p>Ag. Deputy Clerk –Administration</p> <p>D.O.B: 06/05/1969</p> <p><b>Academic qualifications</b></p> <ul style="list-style-type: none"> <li>• Masters-Business Administration</li> </ul>



**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<p>(Finance)</p> <ul style="list-style-type: none"> <li>• Bachelor of Science (Statistics),</li> <li>• CPA (K)</li> <li>• Member ICPAK</li> <li>• A-Level</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• March, 2013 to date: Machakos County Assembly as the Director, Finance</li> <li>• March, 2008-March, 2013: Municipal Council of Mavoko as a Senior Accountant</li> <li>• March, 2007-March, 2008: County Council of Nakuru as Ag. Deputy County Treasure</li> <li>• January, 1996-June, 2005: County Council of Masaku as Accountant III</li> </ul>
<p>4. Mr. Benson Mulinge Mutua</p> 	<p>Ag. Director - Finance, Accounts and Budget</p> <p><i>D.O.B:</i> 12/12/1980</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Business Administration;</li> <li>• C.P.S (K); C.P.A(K);</li> <li>• Computerized Accounting</li> <li>• Member ICPAK/ ICPSK</li> <li>• KCSE B+</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• 2014-to date: Senior Accountant, Machakos County Assembly</li> <li>• 2007-2013: Internal Auditor, County Council of Machakos</li> </ul>
<p>5. Ms. Nancy Wambui Wangai</p>	<p>Director- Supply Chain Management</p> <p><i>D.O.B:</i> 20/02/1980</p> <p><b>Academic qualifications:</b></p> <ul style="list-style-type: none"> <li>• Master of business administration</li> </ul>



**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Economics &amp; Business Studies)</li> <li>• Dip. in Purchasing &amp; Supply, Associate</li> <li>• Member of the Chartered Institute of Purchasing &amp; Supply,</li> <li>• Snr. Management Course, Bidding Docs &amp; Evaluation of Tenders, Strategic Sourcing &amp; Supply, Market Analysis,</li> <li>• KCSE B</li> <li>• Cert. in IT</li> <li>• Member KISM</li> </ul> <p><b>Work experience:</b> 1<sup>st</sup> December 2013 to date: Machakos County Assembly as the Director, Supply Chain Management</p>
<p>6. Mr. Hilary Mbatia Muthui</p>	 <p>Director - Legal , Research and Library</p> <p><b>D.O.B:</b> 27/08/1976</p> <p><b>Academic Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Masters in International Relations</li> <li>• Bachelor of Law</li> <li>• Diploma in Law</li> <li>• K.C.S.E</li> <li>• Performance management training course</li> <li>• International training Programme in legislative drafting</li> <li>• Parliamentary practices and procedures programme</li> <li>• Legal audits course</li> <li>• Civil procedure rules course</li> <li>• Member LSK</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• 2010-2013: Deputy Legal Aid Coordinator, National Legal Awareness Programme</li> <li>• August, 2006-May, 2010: Programme Officer, Constitutional, Legislative, policy and Practice Advocacy, Federation of Women</li> </ul>


*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<p>Lawyers-FIDA Kenya</p> <ul style="list-style-type: none"> <li>• July, 2004: Litigation Counsel, Musyoka &amp; Wambua Advocates</li> <li>• March 2003: Head of Legislation Intelligence Programme: The Chambers of justice</li> <li>• April, 2002: <b>Programme Officer</b>, Community Legal Education and Advisory Trust (CLEAT)</li> </ul>
<p>7. Mr. Dennis Musyoka Mutui</p> 	<p>Deputy Clerk - Legislative Services</p> <p><b>D.O.B:</b> 31/10/1978</p> <p><b>Academic qualifications</b></p> <ul style="list-style-type: none"> <li>• Bachelors of Commerce</li> <li>• KCSE C+</li> </ul> <p><b>Work experience</b></p> <ul style="list-style-type: none"> <li>• June, 2021 to date: Machakos County Assembly as Deputy Clerk (Legislative Services)</li> <li>• 2013 to October, 2018: Kwale County Assembly as the Clerk</li> <li>• 2019 to July, 2022: Technical advisor to Kenya special envoy to South Sudan</li> </ul>
<p>8. Mr. Dominic Mutuku Musyoka</p> 	<p>Director- Procedure and Committee Services</p> <p><b>D.O.B:</b> 28/04/1978</p> <p><b>Academic qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Education</li> <li>• Certificate in ICT</li> <li>• Certified Public Secretary (CPS-K)</li> <li>• K.C.S.E- B</li> <li>• Member- ICPSK</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• February, 2014 to date: Machakos County Assembly</li> <li>• October, 2007-5<sup>th</sup> January, 2014: Teachers Service Commission</li> </ul>


**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<ul style="list-style-type: none"> <li>6<sup>th</sup> January, 2004-31<sup>st</sup> September, 2007: Pioneer Academy as a teacher</li> </ul>
<p>9. Mr. Justus Mutuku Musuma</p> 	<p>Director - Human Resource and Administration</p> <p><b>D.O.B:</b> 10/02/1974</p> <p><b>Academic qualifications</b></p> <ul style="list-style-type: none"> <li>✓ Masters in Business Administration</li> <li>✓ Bachelor of Education (Arts) (HRM).</li> <li>✓ Member- IHRM</li> <li>✓ Certificate in computer applications</li> <li>✓ KCSE B-</li> </ul> <p><b>Work experience</b></p> <ul style="list-style-type: none"> <li>• June, 2021 to date: Machakos County Assembly as the Director, Human Resource and Administration</li> <li>• August, 2015 to May, 2021: Aga Khan Academic Services as the Head of Humanities</li> <li>• 2010 to 2015: Braeburn Group of Schools as a teacher of Economics and Geography</li> </ul>
<p>10. Mr. Francis Mutua Mwatha</p> 	<p>Director - Internal Audit</p> <p><b>D.O.B:</b> 07/07/1988</p> <p><b>Academic qualifications</b></p> <ul style="list-style-type: none"> <li>✓ Bachelor of Commerce (Finance).</li> <li>✓ Member- ICPAK</li> <li>✓ KCSE C+</li> </ul> <p><b>Work experience</b></p> <ul style="list-style-type: none"> <li>• June, 2021 to date: Machakos County Assembly as the Director, Internal Audit</li> <li>• September, 2013 to May, 2021: Kenya Medical Training College as</li> </ul>


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	<p>Senior Internal Auditor (Nyanza Region)</p> <ul style="list-style-type: none"> <li>• August, 2010 to August, 2013: Katwanyaa High School as School Bursar</li> </ul>
<p>11. Sylvester Mutisya Nzangi</p> 	<p>Fund Manager</p> <p><b>D.O.B:</b> 12.02.1983</p> <p><b>Academic Qualification :)</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts in Economics</li> <li>• Certificate in Quick books</li> <li>• CPA (K)</li> <li>• Certificate on Leadership in County Budgeting</li> <li>• Certificate best practices in the Implementation of Programme based budget</li> <li>• K.C.S.E B+</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• Jan. 2014 to date; County Assembly of Machakos - Fiscal Analyst</li> <li>• Oct. 2006 to 2013; Kwetu SACCO</li> <li>• July – Aug, 2006 Industrial Attachment at Machakos District Development Office</li> <li>• June – Aug, 2002; Casual Employee, Nairobi Hospital</li> </ul>

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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<p>12. Ms. Mary Luiza Kamau</p> 	<p>Deputy Hansard Editor/Staff Representative</p> <p><b>D.O.B:</b> 01/01/1986</p> <p><b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts(Communication and Media Technology with IT) Electronic Media Option</li> <li>• Media, public communication and protocol training (CPST)</li> <li>• IAT Certificate in basic computer and internet skills</li> <li>• Certificate in camera, sound, lighting and editing</li> <li>• Project, proposal and report writing skills</li> <li>• KCSE B+</li> <li>• Member of MCK</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• 2013 to date: Deputy Hansard Editor and Incharge Assembly Broadcasting Unit</li> <li>• Jun 2011-April, 2013: Information Officer (Ministry of Information and Communications)</li> <li>• Mar-May, 2011: Research Assistant(Diplomat East Africa Magazine and KEMRI)</li> <li>• Oct 2009-April, 2010 Communications Consultant</li> </ul>
<p>13. Ms. Norah Mutio Muteti</p>	<p>Clerk Assistant/Staff Representative</p> <p><b>D.O.B:</b> 17/04/1988</p> <p><b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Science in Food Science and Technology</li> <li>• K.C.S.E - A-</li> </ul>

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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	<p><b><i>Work Experience:</i></b></p> <ul style="list-style-type: none"><li>• 2013 to date: Second Clerk Assistant, Machakos County Assembly</li><li>• 2013: Trainer, Great Nanny Africa Ltd</li></ul>
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*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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For the year ended June 30, 2022*

**4. Board/Fund Chairperson's Report**

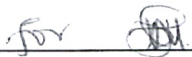
The Car & Mortgage Loan Scheme Fund was established pursuant to the Salaries and Remuneration Circular no SRC/TS/WB/3/14 of 14<sup>th</sup> February, 2014. For proper management of the Fund and as advised by the Salaries and Remuneration Commission in the Circular under reference, the Machakos County Assembly adopted *Machakos County Assembly Car Loan & Mortgage Fund Regulations, 2014* to guide operationalization of the Fund. The housing fund began operation back in FY 2014/2015. These regulations were replaced with Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 on 6<sup>th</sup> December, 2018.

The fund is managed internally with Cooperative Bank as the fund bankers.

During the year there was a change in the fund management committee with new members joining namely Dennis Musyoka Mutui, Justus Mutuku Musuma and Francis Mutua Mwatha. The fund performance was good as we were able to disburse a total of Kshs. 74,403,112 car loans and mortgage to the members of staff.

The future outlook of the fund is promising depending on the financing of the fund by the County Treasury so as to be able to advance all members requests on time and adequately.

I would like to thank all the management team and the technical staff who worked overboard to enable success of the fund and ensure prudence in the use and administration of public funds.

Signed:  \_\_\_\_\_

**Chairperson: Mark Muendo**

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2022*

**5. Report of the Fund Administrator**

Pursuant to PFM Act, 2012 Section 116 (1) the County Executive Member for Finance established the Machakos County Assembly Mortgage and Car Loan Scheme to cater for Members of County Assembly (MCAs) through regulations that were approved by the County Assembly. These regulations set modalities for the establishment and management of a revolving fund for the two facilities (i.e. Car loan and mortgage). These regulations were later repealed by the Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 on 6<sup>th</sup> December, 2018.

Section 167 of the Public Finance Management Act, 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements in formats prescribed by the Public Sector Accounting Standards Board and submit the entity's financial statements within three months after the end of each financial year to the Auditor General with copies delivered to the County Treasury, Controller of Budget and Commission on Revenue Allocation. The financial statements for County Assembly Staff Car Loan and Housing Scheme Fund for the FY 2021/2022 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya. The fund faces the risk of default by its members. To mitigate this, the assembly has ensured that the loans are based on the ability of the member to repay through the payslip via check-off system. No loans are given out of the check-off system which the assembly has control of. The other risk faced by the fund is award of unqualified mortgage/car loan as a result of document falsification. To mitigate this, management has put controls by engaging other professional service providers who do double checks on the documents presented. For instance when the mortgage documents are being perfected the advocate has to do a new official search for the property before and after charging.

During the financial year 2021/2022 the fund received a total of Kshs. 40, 000,000 from the County Treasury against the total budget of Kshs. 40,000,000. The fund processed and disbursed funds amounting to Kshs. 74, 403,112 to members of staff and repaid borrowed funds amounting to Kshs. 10,000,000.

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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In its operations, the fund experienced some delays while processing facility applications mainly due to delayed release of funds from the treasury and the long-time spend while charging of title deeds and registering logbooks to be co-owned by the County Assembly and the loan applicant in order to secure the property against any disposal.

Signed: \_\_\_\_\_



**J. L. Mutisya**

**Clerk, County Assembly of Machakos**

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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For the year ended June 30, 2022**

**6. 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 objectives of Machakos County Assembly Staff Car Loan and Housing Scheme Fund Are to:

- a) Provide Car loans to staff
- b) Provide housing loans to staff

To achieve the above objectives the fund had a budget allocation of Ksh.40,000,000. During the year the County absorbed Ksh.40,000,000.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Staff Loans	1.To enable staff have residential houses and decent motor vehicles for commuting to and from work	Increased number of staff accessing Mortgage and car loans	100% of staff retention in the Assembly	In FY 2021/22 we increased budget absorption to 100% of staff loans budget.
	2.To motivate staff	Increased staff morale and motivation	Staff owning motor vehicles and residential houses	Increased disbursement to beneficiaries for Loans by Ksh.74,403,112 in FY 2021/2022

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**7. Corporate Governance Statement**

In FY 2021/2022, the Loan Management Committee held seven meetings. The composition of the Loan Management Committee changed during the month of February 2022 following resignation of Felix Mbiuki as the clerk of the County Assembly who was then replaced by Joseph Mutisya .

The Management Committee was remunerated in the form of board allowances which are set by SRC. This is because it is not an autonomous committee from the Assembly operations and makes use of the existing staff establishment.

**Succession plan and process appointment/removal of trustees**

This is as set in the regulations and changes when the office bears vacate or/and occupies the offices.

**Functions of the board.**

The roles and the functions of the board is as set under clause 13 (a-g) of the regulations as outlined below;

- a) Determine the policy direction of the fund
- b) Prescribe procedures for the running of the fund
- c) Mobilize resources for the fund
- d) Consider and approve applications for loans presented to it in accordance with existing terms and conditions for borrowing
- e) In liaison with the housing company if any, set up a revolving fund for the disbursement of the loans
- f) Oversee the running of the Fund
- g) Perform such other functions as are necessary for the implantation of these Regulations

**Induction and training**

During the FY, the management committee and its secretariat were trained on loan management, regulations, SRC circulars and MOU's at a retreat held in Mombasa.

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**Conflict of interest**

During the administration of the fund, whenever there is an issue of conflict of interest, the affected party is usually advised to withdraw from the meeting or the discussion until the issue is settled without his/her presence.

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**8. Management Discussion and Analysis**

During the FY 2021/2022, the Committee disbursed mortgage loans totalling to Ksh.72,903,112 to members of staff while car loans disbursed during the year amounts to Ksh.1,500,000.

The Management Committee, as at the close of the fiscal year 2021/2022 had some pending applications from members due to high demand for staff loans despite exhausting the budget.

In compliance with Regulations, the fund administrator has prepared the book of accounts and reports forwarded to the statutory bodies.

Some of the major risks that the fund is likely to face include:

- a) Default
  - b) Forgery
  - c) loss of funds due to mortality of the benefices.
- To mitigate against the risk of default, members are usually given loans based on what they can afford to pay through the payslip regardless of whether they have other incomes or not.
  - To address the risk of forgery, the County Assembly engages other professionals in the private sectors like valuers, lawyers, quality surveyors and banking institutions before disbursing the funds to the borrowers.
  - The Assembly has insured the loans to mitigate risk of loss of funds as a result of death of a borrower where the insurance co. is supposed to clear the outstanding balance in case such an event occurs.

## **9. Environmental and Sustainability Reporting**

During the year the fund did not carry out any CSR activities due to budget constraints. Most of the activities regarding sustainability and environmental issues are carried out by the Executive arm of the County Government which is in charge of implementation. The fund does not either undertake procurement or hiring processes as it depends on the County Assembly's establishment.

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**10. Report of the Loan Management Committee**

The Committee submits their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

**10.1 Principal activities**

The principal activity of the Fund is advancing car and property loans to its members.

**10.2 Performance**

The performance of the Fund for the year ended June 30, 2022, are set out on page 1.

**10.3 The Loan Management Committee**

The members of the Loan Management Committee who served during the year are shown on page iii.

**10.4 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 Committee

.....  
.....

**Chairman of the Loan Management Committee**

**Date:** .....

**11. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using accrual method and 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 Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018. 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, 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 County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

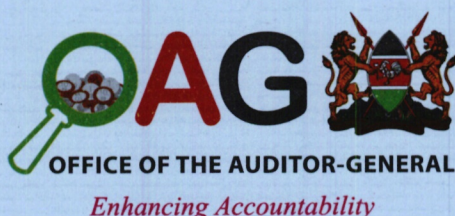
The Fund’s financial statements were approved by the Board on 23/12/ 2022 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON MACHAKOS COUNTY ASSEMBLY HOUSING AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022**

### 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 Machakos County Assembly Housing and Car Loan Scheme Fund set out on pages 1 to 36, which comprise of the

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*Report of the Auditor-General on Machakos County Assembly (Housing and Car Loan Scheme) Fund for the year ended 30 June, 2022*

statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Machakos County Assembly Housing and Car Loan Scheme Fund as at 30 June, 2022 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 County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

#### **1.1. Current Portion of Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.278,892,350 as disclosed in Note 12 of the financial statements. However, the ledger provided in support of the balance reflects Kshs.276,838,492 resulting to unexplained variance of Kshs.2,053,858.

#### **1.2. Proceeds from Loan Repayment and Cash Transfers**

The statement of cash flows reflects proceeds from loan principal repayments balance of Kshs.16,072,441. However, the supporting schedule provided for audit review reflects an amount of Kshs.18,991,910 resulting to unexplained variance of Kshs.2,919,469.

#### **1.3. Variance in Cash Transfers**

The statement of cash flows and statement of changes in net assets reflect cash transfers received during the year of Kshs. 40,000,000 from the County Government. However, the statement of financial performance reflects Nil receipts resulting to unexplained variance of Kshs.40,000,000.

In the circumstances, the completeness, accuracy and fair statement of the financial statements presented for audit could not be confirmed.

### **2. Irregular Transfer of Funds**

The statement of cash flows reflects an amount of Kshs. 10,000,000 in respect of repayment of borrowing. However, no supporting documents or authorization for the repayment was provided for audit review. Further, the transfer was not within the defined purpose of the Fund as per the regulations.

In the circumstances, the accuracy, completeness of Kshs.10,000,000 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of 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, public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Adherence to Fund Regulations**

The financial statements prepared and presented for audit, had the operations of Car and Mortgage Loans advanced to the County Assembly staff only. This is contrary to the Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 which requires the Fund Administrator to record loans advanced to both the staff and Members of County Assembly under the Machakos County Assembly Service Car Loan and Mortgage Scheme Fund. Further, the non-current portion of long-term receivables from exchange transactions was omitted from the statement of financial position in addition to the background information, loan management committee reports and the board members. The presentation of financial statements did not conform to the

provisions stipulated in reporting template prescribed by the Public Sector Accounting Standards Board.

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

## **2. Irregular Approvals and Issuance of the Loans**

During the year, the Fund advanced loans amounting to Kshs.23,200,000 for purchase of land with no evidence of the land use for residential purposes contrary to Section 26(1) (a) of the County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 which requires that an application of mortgage under these regulations shall be accompanied by the following documents where appropriate copies of the designs of the proposed residential property duly approved by the relevant authorities of the County Government within the area it is to be situated. Further, the committee meetings which approved the loans lacked quorum due to the absence of the chairman.

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

## **3. Loans Disbursed Without Proper Charge**

During the year under review, the Fund advanced loans to staff members who acquired various properties. However, no charge had been registered against the security documents despite funds having been released to individual beneficiaries. This is contrary to Section 30(1) of the County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 which requires that the Board shall register a charge on any financed through a loan granted under these regulations and such charge shall impose an obligation on the chargee.

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

## **4. Non-Remittance of Fringe Benefit Tax**

The statement of financial performance reflects interest income amount of Kshs.7,120,698. The Mortgage and Car Loans are advanced to qualifying staff members at the rate of 3% which was below the average commercial lending market rate of 12.16% at the time. Therefore, the entity is required to pay Fringe Benefit Tax which is to be calculated based on prescribed lending rate issued by KRA on quarterly basis. However, there is no evidence provided for audit of payment of fringe benefit tax for the interest differential.

This is contrary of the Income Tax Act 470 Section 12B which requires that Imposition of fringe benefit Tax (1) Notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12th June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate, to an individual who is a director or an employee or is a relative of a director or an employee, by virtue of his position as director or his employment or the employment of the person to whom is related: Provided that the fringe benefit tax shall not apply to loans advanced on or before 11th June, 1998.

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

## **5. Unsupported Payment of Stamp Duty**

Review of the documents revealed that loans had been advanced for purchase of land but copies of stamp duty payments on the transfer of purchased land were not provided as evidence of settlement of the due stamp duty.

This is contrary to section 30(1)(b) of The County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 which requires the chargee to meet and pay rates, rents, insurances, and any other outgoings in respect of property and send the proof of such payments to the Board. The provisions of Fund regulations and stamp duty Act were therefore not adhered to.

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 matters 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 of Conclusion**

##### **Lack of Certificates for Practical Completion of Construction Projects**

The review of internal controls of the Fund in respect to mortgages advanced for construction of residential house revealed that no certificates of completion were presented to the Fund manager as proof for completion of project and as an assurance that fund advanced to the staff members were used for the intended purposes. The Management indicated that there were committee reports compiled after the final visit to the project but were not presented for audit review.

In the circumstances, it was not possible to confirm whether the funds advanced for construction of residential houses were used for the intended purpose.

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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**31 March, 2023**

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
Annual Report and Financial Statements  
For the year ended June 30, 2022*

**13. Statement of Financial Performance for the Year Ended 30th June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	0.00	0.00
Transfers From the County Government	2	0.00	0.00
Fines, Penalties and Other Levies	3	0.00	0.00
		<b>0.00</b>	<b>0.00</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	7,120,698.40	6,140,441.00
Other Income	2	226,138.43	0.00
<b>Total Revenue</b>		<b>7,346,836.83</b>	<b>6,140,441.00</b>
<b>Expenses</b>			
Employee Costs	6	0.00	0.00
Use of goods and services	7	838,400.00	11,682.00
Depreciation and Amortization Expense	8	0.00	0.00
Finance Costs	9	0.00	0.00
<b>Total Expenses</b>		<b>838,400.00</b>	<b>11,682.00</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	0.00	0.00
<b>Surplus/(Deficit) For The Period</b>		<b>6,508,436.83</b>	<b>6,128,759.00</b>

*The notes set out on pages 18 to 35 form an integral part of these Financial Statements.*



.....  
Name: Joseph Mutisya  
Clerk to the County Assembly



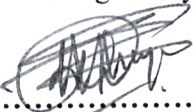
.....  
Name: Benson Mutua  
Chief Finance Officer  
ICPAK Member Number: 5498


**Machakos County Assembly (Housing and Car Loan Scheme) Fund**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022**

**14. Statement of Financial Position as at 30th June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	485,942.83	22,306,377.00
Current Portion of Long- Term Receivables From Exchange Transactions	12	278,892,350.00	220,563,479.00
Prepayments	13	0.00	0.00
Inventories	14	0.00	0.00
		<b>279,378,292.83</b>	<b>242,869,856.00</b>
<b>Non-Current Assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Assets</b>		<b>279,378,292.83</b>	<b>242,869,856.00</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Provisions	18	0.00	0.00
Current Portion of Borrowings	19	0.00	10,000,000.00
Employee Benefit Obligations	20	0.00	0.00
		<b>0.00</b>	<b>10,000,000.00</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	20	0.00	0.00
Long Term Portion of Borrowings	19	0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>10,000,000.00</b>
<b>Net Assets</b>		<b>279,378,292.83</b>	<b>232,869,856.00</b>
Revolving Fund		254,000,000.00	214,000,000.00
Reserves		18,869,856.00	12,741,097.00
Surplus for the year		6,508,436.83	6,128,759.00
<b>Total Net Assets and Liabilities</b>		<b>279,378,292.83</b>	<b>232,869,856.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 23/12 2022 and signed by:

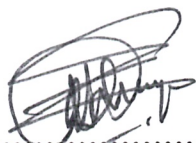
  
 Name: Joseph Mutisya  
 Clerk to the County Assembly

  
 Name: Benson Mutua  
 Chief Finance Officer  
 ICPAK Member Number: 5498

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2020</b>	184,000,000.00	-	12,741,097.00	196,741,097.00
Surplus/(Deficit) For the Period	-	-	6,128,759.00	6,128,759.00
Funds Received During the Year	40,000,000.00	-	-	40,000,000.00
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Inter-account Borrowing FY 2017/18	(10,000,000.00)	-	-	(10,000,000.00)
<b>Balance As At 30 June 2021</b>	<b>214,000,000.00</b>	<b>-</b>	<b>18,869,856.00</b>	<b>232,869,856.00</b>
<b>Balance As At 1 July 2021</b>	<b>214,000,000.00</b>	<b>-</b>	<b>18,869,856.00</b>	<b>232,869,856.00</b>
Surplus/(Deficit) For the Period	-	-	-	6,508,436.83
Funds Received During the Year	40,000,000.00	-	-	40,000,000.00
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2022</b>	<b>254,000,000.00</b>	<b>-</b>	<b>18,869,856.00</b>	<b>279,378,292.83</b>



.....  
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Clerk to the County Assembly



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Name: Benson Mutua  
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**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**16. Statement of Cash Flows for the Year Ended 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0.00	0.00
Transfers from the county government		0.00	0.00
Interest received		7,120,698.40	6,140,441.00
Receipts from other operating activities		226,138.43	0.00
<b>Total receipts</b>		<b>7,346,836.83</b>	<b>6,140,441.00</b>
<b>Payments</b>			
Fund administration expenses		0.00	0.00
General expenses		0.00	0.00
Finance cost		0.00	0.00
Other payments –Use of goods and services		838,400.00	11,682.00
		<b>838,400.00</b>	<b>11,682.00</b>
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (Outstanding Imprest)		0.00	(38,399,635.00)
Proceeds from loan principal repayments		16,072,441.00	
Loan disbursements paid out		(74,401,312.00)	
<b>Net cash flows from operating activities</b>	21	<b>(51,820,434.17)</b>	<b>(32,270,876.00)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		<b>0.00</b>	<b>(0.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		40,000,000.00	40,000,000.00
Additional borrowings		0.00	0.00
Repayment of borrowings		(10,000,000.00)	(0.00)
<b>Net cash flows used in financing activities</b>		<b>30,000,000.00</b>	<b>(40,000,000.00)</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(21,820,434.17)</b>	<b>7,729,124.00</b>
Cash and cash equivalents at 1 July	11	22,306,377.00	14,577,253.00
<b>Cash and cash equivalents at 30 June</b>	11	<b>485,942.83</b>	<b>22,306,377.00</b>


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*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**17. Statement of Comparison of Budget and Actual Amounts for the Period**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Public Contributions And Donations	0.00	(0.00)	0.00	0.00	(0.00)	
Transfers From County Govt.	40,000,000.00	0.00	40,000,000.00	40,000,000.00	0.00	100%
Interest Income	0.00	0.00	0.00	7,120,698.40	(7,120,698.40)	
Other Income	0.00	0.00	0.00	226,138.43	(226,138.43)	
<b>Total Income</b>	<b>40,000,000.00</b>	<b>0.00</b>	<b>40,000,000.00</b>	<b>47,346,836.83</b>	<b>(7,346,836.83)</b>	
<b>Expenses</b>						
Transfer to Reserve Fund Account	40,000,000.00	0.00	40,000,000.00	40,000,000.00	0.00	100%
Fund Administration Expenses	0.00	0.00	0.00	0.00	(0.00)	
General Expenses	0.00	(0.00)	0.00	838,400.00	(838,400.00)	
Finance Cost	0.00	(0.00)	0.00	0.00	(0.00)	
<b>Total Expenditure</b>	<b>40,000,000.00</b>	<b>(0.00)</b>	<b>40,000,000.00</b>	<b>40,838,400.00</b>	<b>(838,400.00)</b>	
<b>Surplus For The Period</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,508,436.83</b>	<b>(6,508,436.83)</b>	

  
.....  
Name: Joseph Mutisya  
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.....  
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***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**18. Notes to the Financial Statements**

**1. General Information**

Machakos County Assembly Mortgage & Car Loan Scheme entity is established by and derives its authority and accountability from Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018. The entity is wholly owned by the County Government of Machakos and is domiciled in Kenya. The entity's principal activity is to disburse car and mortgage funds to State officers and ensure accountability and proper use of public funds.

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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.

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p>

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Standard	Effective date and impact:
Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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

**(iii) Early adoption of standards**

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

*Machakos County Assembly (Housing and Car Loan Scheme) Fund*  
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*for the year ended June 30, 2022*

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**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.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on 30<sup>th</sup> June, 2021. No subsequent revisions or additional appropriations were made to the approved 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.

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

*Summary of Significant Accounting Policies (Continued)*

**e) 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.

**a) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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***Summary of Significant Accounting Policies (Continued)***

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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*Summary of Significant Accounting Policies (Continued)*

**b) 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.

**c) 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.

***Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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***Summary of Significant Accounting Policies (Continued)***

***Contingent assets***

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

**d) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**e) 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.

**f) 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.

**g) 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.

*Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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*Summary of Significant Accounting Policies (Continued)*

**h) 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.

**i) 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.

**j) 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.

**k) Comparative figures**

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

**l) Events after the reporting period**

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

**m) Ultimate and Holding Entity**

The entity is a County Public Fund established by Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 whose effective date was 6<sup>th</sup> December, 2018. Its ultimate parent is the County Government of Machakos.

**n) Currency**

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

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*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. 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.

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**6. Notes to the Financial Statements**

**1. Public contributions and donations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
<b>Total</b>	-	-

**3. Fines, penalties and other levies**

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	-	-

*(Provide brief explanation for this revenue)*

**4. Interest income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	7,092,858.08	6,140,441.00
Interest Income From Car Loans	27,840.32	0.00
Interest Income From Investments	0.00	0.00
Interest Income On Bank Deposits	0.00	0.00
<b>Total Interest Income</b>	<b>7,120,698.40</b>	<b>6,140,441.00</b>

*(The loans issued generate interest of 3% p.a on a reducing balance basis as per SRC circular payable monthly)*

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**Notes to the Financial Statements Continued**

**5. Other income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	226,138.43	0.00
Income From Sale Of Tender Documents	0.00	0.00
Miscellaneous Income	0.00	0.00
<b>Total Other Income</b>	<b>226,138.43</b>	<b>0.00</b>

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).*

**6. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other <i>(Specify)</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	0.00	0.00
Loan Processing Costs	0.00	0.00
Professional Services Costs	0.00	0.00
Administration Fees	0.00	0.00
Committee Allowances	0.00	0.00
Bank Charges	22,810.00	11,682.00
Electricity And Water Expenses	0.00	0.00
Fuel And Oil Costs	0.00	0.00
Insurance Costs	815,590.00	0.00
Postage And Courier	0.00	0.00
Printing And Stationery	0.00	0.00

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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	0.00	0.00
Security Costs	0.00	0.00
Telephone And Communication Expenses	0.00	0.00
Audit Fees	0.00	0.00
Provision For Doubtful Debts	0.00	0.00
Other ( <i>Specify</i> )	0.00	0.00
<b>Total</b>	<b>838,400.00</b>	<b>11,682.00</b>

**8. Depreciation and Amortization Expense**

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements Continued**

**11. Cash and cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Xxx Car Loan Account	0.00	0.00
Xxx County Mortgage Account	0.00	0.00
Fixed Deposits Account	0.00	0.00
On – Call Deposits	0.00	0.00
Current Account – Staff Loans Account	485,942.83	22,306,377.00
Others	0.00	0.00
<b>Total Cash And Cash Equivalents</b>	<b>485,942.83</b>	<b>22,306,377.00</b>

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		0.00	0.00
Equity Bank, Etc.		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0.00	0.00
Equity Bank - Etc.		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
<b>c) Current Account</b>			
Kenya Commercial Bank		0.00	0.00
Cooperative Bank of Kenya		485,942.83	22,306,377.00
<b>Sub- Total</b>		<b>485,942.83</b>	<b>22,306,377.00</b>
<b>d) Others(Specify)</b>			
Cash In Transit		0.00	0.00
Cash In Hand		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
<b>Grand Total</b>		<b>485,942.83</b>	<b>22,306,377.00</b>

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**12. Receivables from exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	0.00	0.00
Current Loan Repayments Due	2,053,857.85	1,769,672.00
Other Exchange Debtors	276,838,492.15	218,793,807.00
Less: Impairment Allowance	0.00	0.00
<b>Total Current Receivables</b>	<b>278,892,350.00</b>	<b>220,563,479.00</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0.00	0.00
<b>Total Non- Current Receivables</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Receivables From Exchange Transactions</b>	<b>278,892,350.00</b>	<b>220,563,479.00</b>

**Additional disclosure on interest receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
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	-	-

**13. Prepayments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	0.00	0.00
Prepaid Insurance	0.00	0.00
Prepaid Electricity Costs	0.00	0.00
Other Prepayments (Specify)	0.00	0.00

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<b>Total</b>	<b>0.00</b>	<b>0.00</b>
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**14. Inventories**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
<b>Total Inventories At The Lower Of Cost And Net Realizable Value</b>	<b>-</b>	<b>-</b>

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15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Net Book Values</b>					
At 30 <sup>th</sup> June 2021	-	-	-	-	-
At 30 <sup>th</sup> June 2022	-	-	-	-	-

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**16. Intangible assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning Of The Year</b>	-	-
Additions	-	-
<b>At End Of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning Of The Year</b>	-	-
Amortization	-	-
<b>At End Of The Year</b>	-	-
Impairment Loss	-	-
<b>At End Of The Year</b>	-	-
<b>NBV</b>	-	-

**17. Trade and other payables from exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
<b>Total Trade And Other Payables</b>	-	-

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
<b>Balance At The End Of The Year (30.06.2022)</b>	-	-	-	-

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**19. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>
External Borrowings During the Year	0.00	0.00
Domestic Borrowings During the Year	0.00	0.00
Repayments Of External Borrowings During the Period	0.00	0.00
Repayments of Domestic Borrowings during the Period	(10,000,000.00)	0.00
<b>Balance At End of The Period</b>	<b>0.00</b>	<b>10,000,000.00</b>

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

	2021-2022	2020-2021
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End Of The Year</b>	<b>-</b>	<b>-</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**21. Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>6,508,436.83</b>	<b>6,128,759.00</b>
<b>Adjusted For:</b>		
Depreciation	0.00	0.00
Amortisation	0.00	0.00
Gains/ Losses On Disposal Of Assets	0.00	0.00
Interest Income	0.00	0.00
Finance Cost	0.00	0.00
<b>Working Capital Adjustments</b>		
Increase In Inventory	0.00	0.00
Increase In Receivables	(58,328,871.00)	(38,399,635.00)
Increase In Payables	0.00	0.00
<b>Net Cash Flow From Operating Activities</b>	<b>(51,820,434.17)</b>	<b>(32,130,435.00)</b>

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**22. 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 Department;
- c) County Assembly
- d) Key management;
- e) Loan Management Committee;

**b) Related party transactions**

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Department	-	-
Due From County Government	-	-
<b>Total</b>	-	-

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**e) Due to related parties**

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Xxx Against The Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*Machakos County Assembly (Housing and Car Loan Scheme) Fund*  
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**Other Disclosures Continued**

**24. 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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	0.00	0.00	0.00	0.00
Receivables From Non-Exchange Transactions	278,892,350.00	278,892,350.00	0.00	0.00
Bank Balances	485,942.83	485,942.83	0.00	0.00
<b>Total</b>	<b>279,378,292.83</b>	<b>279,378,292.83</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	0.00	0.00	0.00	0.00
Receivables From Non Exchange Transactions	220,563,479.00	220,563,479.00	0.00	0.00
Bank Balances	22,306,377.00	22,306,377.00	0.00	0.00
<b>Total</b>	<b>242,869,856.00</b>	<b>242,869,856.00</b>	<b>0.00</b>	<b>0.00</b>

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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 significant concentration of credit risk on amounts due from employees who have exited the institution.

The CASB 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Machakos County Assembly (Housing and Car Loan Scheme) Fund  
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**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2021</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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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.

	<b>Change in currency rate</b>	<b>Effect on surplus/ deficit</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

***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.

**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:

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	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	0.00	0.00
Revolving fund	254,000,000.00	224,000,000.00
Accumulated surplus	25,967,744.40	18,869,856.00
<b>Total funds</b>	<b>279,967,744.40</b>	<b>242,869,856.00</b>
Total borrowings	0.00	10,000,000.00
Less: cash and bank balances	(485,942.83)	22,306,377.00
Net debt/(excess cash and cash equivalents)	(485,942.83)	(12,306,377.00)
<b>Gearing</b>		

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**19. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.1	Cash balance Misstatement	The cut off date for FY 2020/2021 was on 19 <sup>th</sup> July 2021 when the actual balance was Ksh. 22,306,376.70. The Ksh. 21,379.00 was as a result of Ksh.8,800 and Ksh.12,579 credits being car loan repayment as per the attached bank Statement.	Not Resolved	June, 2023
4.2	Presentation of Financial Statements	The figures in the statements have been rounded off and columns interchanged in the Amended Financial statements	Not Resolved	June, 2023
4.3	Report of the fund Administrator	Risk management framework has been developed for the entire Assembly. The fund risks management strategies are as outlined on page 20 of the FY 2020/2021 Staff	Not Resolved	June, 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		Car loan and Mortgage financial statements.		
4.4	Statement of Cash Flows	The Assembly used the template as provided by the PSASB and the figures in the cash flow are correct	Not Resolved	December, 2022

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20. APPENDIX I: TRIAL BALANCE

**MACHAKOS COUNTY ASSEMBLY**  
**STAFF CAR LOAN AND HOUSING SCHEME FUND**  
**TRIAL BALANCE AS AT 30TH JUNE, 2022**

DETAILS	DR	CR
	KSH	KSH
Other Income - Interest		7,120,698.40
Insurance Recoveries		226,138.43
Bank Charges	22,810.00	
Insurance	815,590.00	
Bank Balance	485,942.83	
Outstanding Loans	276,838,492.15	
Receivables - Loan Recoveries	2,053,857.85	
Accumulated Fund Balance b/f		<u>272,869,856.00</u>
	<u><b>280,216,692.83</b></u>	<u><b>280,216,692.83</b></u>

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**21. APPENDIX II: OUTSTANDING LOANS AND INTEREST EARNED**

No.	Name of Staff	Interest Earned (Kshs.)	Outstanding Loans (Kshs.)
1	MARGARET WANIA	113,464.08	3,699,020.87
2	HILLARY MUTHUI	236,397.13	7,616,929.91
3	FELIX MBIUKI	487,105.04	15,770,055.69
4	RUTH MWANIKI	212,760.42	6,731,310.66
5	LUKE MAINGI	1,402.99	-
6	KAVITA MUTUKU	126,034.99	3,779,578.79
7	JUDY MULINGE	218,346.30	7,674,893.84
8	MATHEW MUANGE	142,972.13	4,265,332.35
9	J. L. MUTISYA	231,550.48	7,435,336.05
10	JUDITH MURUGI	176,113.85	5,705,547.33
11	MONICAH MUSYOKA	237,143.87	7,687,041.26
12	SUSAN KANINI	258,384.60	8,371,558.97
13	DALMAS MASILA	240,660.13	7,790,818.61
14	LOISE KITHUKA	49,549.15	4,390,377.23
15	MARY LUIZA	355,944.21	11,531,117.16
16	SARAH MWANIA	267,106.89	10,039,688.36
17	ANN WANJA	43,355.53	1,408,049.33
18	LYNETTE KANINI	76,207.49	2,391,355.70
19	DOMINIC MUSYOKA	295,418.21	9,538,097.64
20	RUTH MUTUNGA	83,730.11	2,672,779.15
21	ROSEMARY MUASYA	123,323.76	4,011,310.98
22	SUSAN KILUVA	93,833.61	3,052,097.23
23	JULIET MUGAMBI	11,785.97	0
24	JOEL KIPTUM	128,079.55	3,995,684.30
25	PAUL KELI	110,780.62	4,741,675.84
26	NORAH MUTETI	225,383.68	8,516,927.06
27	HARRISON MULONZI	161,581.01	5,205,062.14
28	CYNTHIA WATUKA	76,447.33	2,488,442.14
29	DENNIS MWANZA	63,245.68	2,059,310.63
30	LUKE MAINGI	62,936.95	1,995,431.81
31	FAITH PETER	125,275.75	4,081,063.49
32	EVALYNE KYALO	198,436.93	6,581,639.19
33	CAROLYNE MUTUKU	80,893.02	4,294,242.01
34	PETER MBATHA	189,335.32	5,891,999.29
35	STELLAMARIS WAMBUA	116,739.60	3,751,898.65
36	DORCAS NJOKI	166,758.01	5,435,896.57
37	MERCY MAITHYA	70,915.05	2,311,888.04
38	EVELYNE KIMOTE	112,217.62	3,386,919.18
39	NANCY WANGAI	267,258.91	10,913,713.34
40	PENNINAH MUTUKU	106,783.64	4,309,050.13
41	DAVID MUTUA	60,760.90	1,982,374.21
42	NORAH MWENDWA	180,008.59	7,129,984.68
43	EMMA KASUVA	134,070.21	6,322,890.31

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44	THERESIA MUINDE	64,759.07	1,993,626.01
45	CHRISTOPHER KIILU	91,320.41	3,224,757.41
46	HILDAR JACOB	86,697.71	4,288,466.71
47	FLORENCE MUSYOKA	24,847.32	1,969,387.32
48	PATRICK SILA	29,787.12	2,857,317.12
49	STEPHEN MUTUNGA	14,814.04	1,450,306.04
50	LEWIS MUOKI	11,945.07	3,791,488.07
51	BRIAN MUTHUSI	14,651.36	1,406,835.36
52	SHEDRACK MULUMBA	8,501.43	2,586,641.43
53	JUDITH NZUKI	11,247.23	2,483,517.23
54	LENNY KISESE	12,480.96	2,484,750.96
55	SAMMY SAMBULU	10,237.95	2,375,211.95
56	DOREEN MUIA	11,409.42	2,384,787.42
57	FAITH KILONZO	7,500.00	2,990,862.00
58	JUSTUS MUSUMA	-	1,950,000.00
59	VERONICA MUIISO	-	1,600,000.00
60	TEDDY MUE		2,009,180.00
61	BENJAMIN MUIINDE		1,500,000.00
62	MESHACK KITUA		1,700,000.00
63	SAMUEL MUTUA		832,967.00
<b>TOTAL</b>		<b>7,120,698.40</b>	<b>276,838,492.15</b>

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**22. APPENDIX III: INSURANCE RECOVERIES**

<b>No.</b>	<b>Date</b>	<b>Name of Staff</b>	<b>Insurance Amount (Kshs.)</b>
1	3-Feb-22	Faith Mutindi Peter	14,591.00
2	19-Feb-22	Monica Musyoka	27,610.00
3	2-Mar-22	Lewis Muoki	4,200.00
4	2-Mar-22	Dalmas Masila	28,017.00
5	9-Mar-22	Margaret Wania	13,216.00
6	11-Mar-22	Rosemary Muasya	14,362.00
7	14-Mar-22	Penninah Mutuku	15,361.00
8	18-Mar-22	Paul Keli	12,010.00
9	22-Apr-22	Ann Wanja Festus	5,050.00
10	31-May-22	David Musyoki Mutua	7,078.00
11	3-Jun-22	Sarah Mwikali Mwania	31,094.00
12	15-Jun-22	Emmah Nthenya Kasuva	15,929.00
13	17-Jun-22	Lewis Muoki	15,050.00
14	From loan repayment	Luke Maingi	12,401.21
15	From loan repayment	Juliet Mugambi	10,169.22
<b>TOTAL</b>			<b>226,138.43</b>

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**23. APPENDIX IV: BANK CHARGES**

DATE	DETAILS	AMOUNT 'KSH.'
28-Jul-21	Bank Charges -For Transfer	250.00
28-Jul-21	Bank Charges -excise Duty for Transfer	50.00
5-Aug-21	Bank Charges -For Transfer	250.00
5-Aug-21	Bank Charges -excise Duty for Transfer	50.00
5-Aug-21	Bank Charges - For Transfers	300.00
5-Aug-21	Bank Charges -excise Duty for Transfer	60.00
5-Aug-21	Bank Charges - For Transfers	300.00
5-Aug-21	Bank Charges -excise Duty for Transfer	60.00
9-Aug-21	Bank Charges - For Transfers	250.00
9-Aug-21	Bank Charges -excise Duty for Transfer	50.00
19-Aug-21	Bank Charges - For Transfers	250.00
19-Aug-21	Bank Charges -excise Duty for Transfer	50.00
9-Sep-21	Bank Charges -For Transfer	250.00
9-Sep-21	Bank Charges -excise Duty for Transfer	50.00
30-Sep-21	Bank Charges -Custody Commission	1,500.00
30-Sep-21	Bank Charges -Custody Commission	300.00
10-Nov-21	Bank Charges -For Transfer	250.00
10-Nov-21	Bank Charges -excise Duty for Transfer	50.00
15-Dec-21	Bank Charges -For Transfer	300.00
15-Dec-21	Bank Charges -excise Duty for Transfer	60.00
9-Feb-22	Bank Charges -For Transfer	300.00
9-Feb-22	Bank Charges -excise Duty for Transfer	60.00
9-Feb-22	Bank Charges -For Transfer	250.00
9-Feb-22	Bank Charges -excise Duty for Transfer	50.00
14-Feb-22	Bank Charges -For Transfer	250.00
14-Feb-22	Bank Charges -excise Duty for Transfer	50.00
14-Feb-22	Bank Charges -For Transfer	250.00
14-Feb-22	Bank Charges -excise Duty for Transfer	50.00
24-Feb-22	Bank Charges -For Transfer	250.00
24-Feb-22	Bank Charges -excise Duty for Transfer	50.00
24-Feb-22	Bank Charges -For Transfer	250.00
24-Feb-22	Bank Charges -excise Duty for Transfer	50.00
25-Feb-22	Bank Charges -Custody Commission	500.00
25-Feb-22	Bank Charges -excise Duty	100.00
28-Feb-22	Bank Charges -For Transfer	250.00
28-Feb-22	Bank Charges -excise Duty for Transfer	50.00
28-Feb-22	Bank Charges -For Transfer	250.00

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28-Feb-22	Bank Charges -excise Duty for Transfer	50.00
28-Feb-22	Bank Charges -For Transfer	250.00
28-Feb-22	Bank Charges -excise Duty for Transfer	50.00
10-Mar-22	Bank Charges -For Transfer	250.00
10-Mar-22	Bank Charges -excise Duty for Transfer	50.00
14-Mar-22	Bank Charges -For Transfer	250.00
14-Mar-22	Bank Charges -excise Duty for Transfer	50.00
30-Mar-22	Custody Commission	1,500.00
30-Mar-22	Safe Custody Commission	300.00
20-Apr-22	Bank Charges -For Transfer	500.00
20-Apr-22	Bank Charges -excise Duty for Transfer	100.00
20-Apr-22	Bank Charges -For Transfer	250.00
20-Apr-22	Bank Charges -excise Duty for Transfer	50.00
21-Apr-22	Bank Charges -For Transfer	250.00
21-Apr-22	Bank Charges -excise Duty for Transfer	50.00
21-Apr-22	Bank Charges -For Transfer	250.00
21-Apr-22	Bank Charges -excise Duty for Transfer	50.00
21-Apr-22	Bank Charges -For Transfer	250.00
21-Apr-22	Bank Charges -excise Duty for Transfer	50.00
6-May-22	Bank Charges -For Transfer	250.00
6-May-22	Bank Charges -excise Duty for Transfer	50.00
6-May-22	Bank Charges -For Transfer	250.00
6-May-22	Bank Charges -excise Duty for Transfer	50.00
6-May-22	Bank Charges -For Transfer	300.00
6-May-22	Bank Charges -excise Duty for Transfer	60.00
6-May-22	Bank Charges -For Transfer	250.00
6-May-22	Bank Charges -excise Duty for Transfer	50.00
6-May-22	Bank Charges -For Transfer	250.00
6-May-22	Bank Charges -excise Duty for Transfer	50.00
11-May-22	Bank Charges -For Transfer	300.00
11-May-22	Bank Charges -excise Duty for Transfer	60.00
11-May-22	Bank Charges -For Transfer	300.00
11-May-22	Bank Charges -excise Duty for Transfer	60.00
11-May-22	Bank Charges -For Transfer	300.00
11-May-22	Bank Charges -excise Duty for Transfer	60.00
12-May-22	1 book of 100 Leaves	1,500.00
12-May-22	1 book of 100 Leaves	300.00
12-May-22	1 book of 100 Leaves	250.00
9-Jun-22	Bank Charges -For Transfer	300.00
9-Jun-22	Bank Charges -excise Duty for Transfer	60.00
9-Jun-22	Bank Charges -For Transfer	250.00
9-Jun-22	Bank Charges -excise Duty for Transfer	50.00
9-Jun-22	Bank Charges -For Transfer	250.00

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9-Jun-22	Bank Charges -excise Duty for Transfer	50.00
9-Jun-22	Bank Charges -For Transfer	250.00
9-Jun-22	Bank Charges -excise Duty for Transfer	50.00
9-Jun-22	Bank Charges -For Transfer	250.00
9-Jun-22	Bank Charges -excise Duty for Transfer	50.00
9-Jun-22	Bank Charges -For Transfer	250.00
9-Jun-22	Bank Charges -excise Duty for Transfer	50.00
16-Jun-22	May Online Monthly Sub	1,200.00
24-Jun-22	Bank Charges -For Transfer	250.00
24-Jun-22	Bank Charges -excise Duty for Transfer	50.00
24-Jun-22	Bank Charges -For Transfer	250.00
24-Jun-22	Bank Charges -excise Duty for Transfer	50.00
24-Jun-22	Bank Charges -For Transfer	250.00
24-Jun-22	Bank Charges -excise Duty for Transfer	50.00
24-Jun-22	Bank Charges -For Transfer	250.00
24-Jun-22	Bank Charges -excise Duty for Transfer	50.00
24-Jun-22	Bank Charges -For Transfer	300.00
24-Jun-22	Bank Charges -excise Duty for Transfer	60.00
24-Jun-22	Bank Charges -For Transfer	250.00
24-Jun-22	Bank Charges -excise Duty for Transfer	50.00
24-Jun-22	Bank Charges -For Transfer	300.00
24-Jun-22	Bank Charges -excise Duty for Transfer	60.00
28-Jun-22	Bank Charges -For Transfer	250.00
28-Jun-22	Bank Charges -excise Duty for Transfer	50.00
<b>TOTAL</b>		<b>22,810.00</b>

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