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**REPORT**

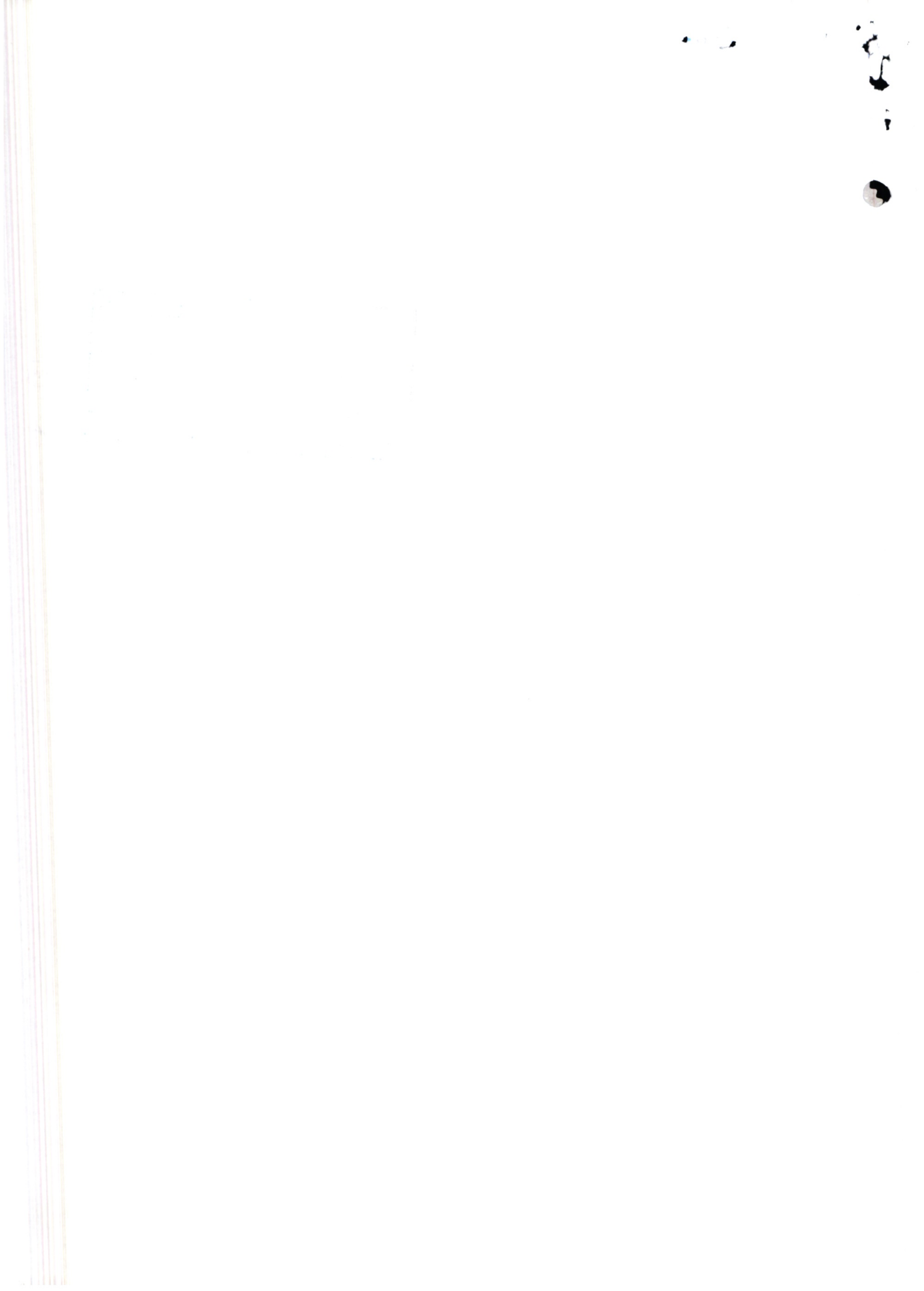
**OF**

**THE AUDITOR-GENERAL**

**ON**

**BARINGO COUNTY ASSEMBLY  
(MEMBERS) CAR LOAN AND  
MORTGAGE FUND**

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



**REPUBLIC OF KENYA**  
**BARINGO COUNTY GOVERNMENT**

[info@baringoassembly.go.ke](mailto:info@baringoassembly.go.ke)  
[www.baringoassembly.go.ke](http://www.baringoassembly.go.ke)



P.O BOX 159-30400  
KABARNET

**BARINGO COUNTY ASSEMBLY**

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**BARINGO COUNTY ASSEMBLY (MEMBERS) CAR LOAN AND  
MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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



**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**1. Key Entity Information and Management**

**a) Background information**

Baringo County Assembly Members' Car Loan & Mortgage Fund is established by and derives its authority and accountability from the Public Finance Management (Baringo County Assembly Members Car Loan Scheme Fund Regulations 2014 and the Public Finance Management (Baringo County Assembly Members Mortgage Scheme Fund Regulations, 2018). The Fund is wholly owned by the County Assembly of Baringo and is domiciled in Kenya.

The fund's object and purpose is to provide a loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by members of the County Assembly as is prescribed by the Salaries and Remuneration Commission in their letter dated 27<sup>th</sup> November 2013.

**b) Principal Activities**

The Fund's principal activity is the provision of loans and mortgages to the Members of County Assembly and ensuring that loans advanced are recovered.

**c) Loans Management Committee**

Ref	Name	Position
1	Hon. David Kiplagat	Chairman
2	Hon. Lawi Tallam	Vice Chairman
3	Hon. Sam Lourien	Member
4	Hon. Maria Losile	Member
5	Hon. Charles Kosgei	Member
6	Jepkemoi Chemase	Fund Administrator
7	CPA Alfred Keitany	Director Finance & Accounting Services (ex-officio member)
8	Betty Toroitich	Legal Officer( ex-officio member)

**d) Key Management**

Ref	Name	Position
1	Jepkemoi Chemase	Fund Administrator
2	CPA Alfred Keitany	Director Finance & Accounting Services (ex-officio member)
3	Betty Toroitich	Legal Officer( ex-officio member)

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**e) Registered Offices**

P.O. Box 159 -30400  
County Assembly Building  
Kabarnet – Iten Road  
Kabarnet, KENYA

**f) Fund Contacts**

Telephone: (254) 053-22115  
E-mail: [baringocountyassembly@gmail.com](mailto:baringocountyassembly@gmail.com)  
Website: [www.baringoassembly.go.ke](http://www.baringoassembly.go.ke)

**g) Fund Bankers**

Kenya Commercial  
Kabarnet Branch  
P.O. Box 175-30400  
Kabarnet

**h) Independent Auditors**





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

**i) Principal Legal Adviser**





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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**2. The Loans Management Committee (LMC)**




Name	Details of qualifications and experience
 1. Hon. David Kiplagat	Year of Birth: 1968 Key Qualifications: An Advocate of the High Court of Kenya with over 24 years' experience in legal practice Work experience : Currently the Hon. Speaker, Baringo County Assembly Chairperson to LMC
 2. Hon. Lawi Tallam	Year of Birth: 1977 Key Qualifications: K.C.S.E Work experience : Currently Leader of Majority, Baringo County Assembly Vice Chairperson to LMC
 3. Hon. Sam Lourien	Year of Birth: 1984 Key Qualifications: Diploma in Public Administration Work experience : Currently Leader of Minority, Baringo County Assembly Member of LMC
 4. Hon. Maria Losile	Year of Birth: 1967 Key Qualifications: Certificate in Primary Teachers Examination Work experience : Currently Member, Baringo County Assembly Member of LMC

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

 <p><b>5. Hon. Charles Kosgei</b></p>	<p>Year of Birth:1954  Key Qualifications: Certificate in Primary Teachers Examination  Work experience : Currently Member, Baringo County Assembly  Member of LMC</p>
 <p><b>6. Jepkemoi Chemase</b></p>	<p>Year of Birth:1976  Key Qualifications: Bachelor of Education  Masters in Business Administration (Human Resource Management Option)  Work experience:  Employee of the Teachers Service Commission: 1998 to 2013  Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022  Currently Clerk to the County Assembly  Administrator of the Fund and Secretary to the LMC</p>
 <p><b>7. Betty Toroitich</b></p>	<p>Year of Birth:1986  Key Qualifications: Bachelor of Law  Work experience : Currently Legal Officer, Baringo County Assembly  Ex-Officio member</p>
 <p><b>8. CPA Alfred Kandie Keitany</b></p>	<p>Year of Birth;1983  Key Qualifications: MBA (Finance)-Catholic University of Eastern Africa.  Bachelor of Business Management (Accounting Option)-Moi University.  CPA(K)  Work Experience: Principal Accountant-Min of Health (NASCO) 2009-2020.  Currently Director Finance and Accounting Services, Baringo County Assembly  Ex-Officio member</p>

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**3. Management Team**

Name	Details of qualifications and experience
 <p>1. Jepkemoi Chemase</p>	<p>Year of Birth:1976                      Key Qualifications: Bachelor of Education                      Masters in Business Administration (Human Resource Management Option)                      Work experience:                      Employee of the Teachers Service Commission: 1998 to 2013                      Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022                      Currently Clerk to the County Assembly Administrator of the Fund and Secretary to the LMC</p>
 <p>2. Betty Toroitich</p>	<p>Year of Birth:1986                      Key Qualifications: Bachelor of Law                      Work experience : Currently Legal Officer, Baringo County Assembly                      Ex-Officio member</p>
 <p>3. CPA Alfred Kandie Keitany</p>	<p>Year of Birth:1983                      Key Qualifications: MBA (Finance)-Catholic University of Eastern Africa.                      Bachelor of Business Management (Accounting Option)-Moi University.                      CPA(K)                      Work Experience: Principal Accountant-Min of Health (NASCOP) 2009-2020.                      Currently Director Finance and Accounting Services, Baringo County Assembly                      Ex-Officio member</p>

#### **4. Fund Chairperson's Report**

It is my pleasure to present the Baringo County Assembly Members Car Loan & Mortgage Fund financial statements for the year ended 30<sup>th</sup> June 2022. The financial statements present the financial performance of the Fund over the past year.

**(a) Changes in the Fund's Management during the year**

During the period under review, there were changes in the Fund's management team with the exit of the former Fund Administrator, CPA Richard Koech and the appointment of a new Fund Administrator, who is also the Clerk to the Assembly, Madam Jepkemoi Chemase in May 2022.

**(b) Car Loans loan and Mortgage recoveries**

During the year ended 30<sup>th</sup> June 2022, car loans and mortgages of Ksh. 39,629,468 was recovered from the Members during the period.

**(c) Surplus for the period**

During the year ended 30<sup>th</sup> June 2022, the Fund realized a surplus of Ksh.1,252,618 as compared to Ksh. 1,423,284 during FY 2020/2021.

**(d) Future Outlook of the Fund**

All Members of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well. The Members' loans are expected to be cleared by July 2022.

**(e) Conclusion**

In conclusion, FY 2021/2022 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity. The Fund has been instrumental in facilitating the Members purchase motor vehicles and/or purchase or develop residential property to improve their welfare and enable them deliver on their mandate.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.



.....  
**Name: Hon. David Kiplagat**

**Chairperson**

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**5. Report of the Fund Administrator**

It is my pleasure to present the Baringo County Assembly Members Car Loan & Mortgage Fund financial statements for the year ended 30<sup>th</sup> June 2022. The financial statements present the financial performance of the Fund over the past year.

The performance of the Fund can be summarized in the following major areas:

**(a) Key Management Team**

The Fund's key management team is comprised of the Fund Administrator, Director Finance and Accounting Services and the Legal Officer.

**(b) Car Loans and Mortgages recoveries**

Out of the total loans disbursed so far, Ksh. 39,629,468 was recovered from the Members during the period.

All loans are currently being recovered in full with no reported case of default.

The Fund lost one member, Mr. David Rotich, in April 2022 and the insurance company is in the process of reimbursing the Fund the loan balance at the time of his death.

**(c) Surplus for the period**

During the year ended 30<sup>th</sup> June 2022, the Fund realized a surplus of Ksh.1,252,618 as compared to Ksh.1,423,284 during FY 2020/2021. The interest income earned during the period amounted to Ksh.1,255,615 compared to Ksh.1,458,511 in FY 2020/2021 while the expenses in the period were Ksh.2,997 compared to Ksh. 35,227 in FY 2020/2021.

**(d) Future Outlook of the Fund**

All Members of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well. The Members' loans are expected to be cleared by August 2022.

The Loans Management Committee has set up a loan revolving fund (mortgage) for Members matching their entitlement as per the Salaries and Remuneration Commission guidelines.

**Conclusion**

In conclusion, FY 2021/2022 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.

.....  


**Name: Jepkemoi Chemase**

**Fund Administrator**



**6. Statement of Performance Against the County Fund's Predetermined Objectives**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities 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 and purpose of the Fund as per the Regulations are to:

- a) Provide a loan scheme for the purchase of motor vehicles by Members of the County Assembly (MCAs) as may be prescribed by the Salaries and Remuneration Commission; and
- b) Provide a loan scheme for the purchase, development, renovation or repair of residential property by Members of the County Assembly (MCAs) as shall be determined by the Salaries and Remuneration Commission.

**Progress on attainment of the Fund's objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loan Fund	To provide a loan scheme for the purchase of motor vehicles by MCAs	Increased efficient and effective transport facilitation for the MCAs	% of MCAs advanced and fully repaying their car loans	In FY 21/22, 100 % of MCAs had been advanced and are fully repaying their car loans
Mortgage Fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by MCAs	Increased efficient and effective housing facilitation for the MCAs	% of MCAs advanced and fully repaying their mortgage loans	In FY 21/22, 100 % of MCAs had been advanced and are fully repaying their mortgage loans

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**7. Corporate Governance Statement**

Baringo County Assembly consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The County Assembly (CA) is currently composed of 30 elected and 15 nominated members. The County Assembly is headed by the Speaker, who is elected by the MCAs.

The Loans Management Committee consist of the following members:

- (a) The Speaker of the County Assembly, who shall be the Chairperson to the committee;
- (b) Leader of Majority Party to the County Assembly;
- (c) Leader of Minority Party to the County Assembly;
- (d) One person appointed to the County Assembly Service Board under Section 12 (3) (d) of the County Government Act, 2012;
- (e) Two Members elected by members of the County Assembly, one representing either gender;
- (f) The County Assembly Head of Finance (ex-officio member);
- (g) The County Assembly Legal Officer (ex-officio member);
- (h) The County Chief Officer, Treasury and Economic Planning or his or her representative (ex-officio member) and
- (i) Administrator of the Fund who shall be the Secretary of the Committee appointed under regulation 7.

During financial year 2021-2022, the Loans Management Committee held two meetings. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions. The quorum for a meeting of the Committee shall be Chairperson and any other three members.

The Committee administers the Fund by:

- (a) Processing applications for loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaising with the housing company (if any) to set up a revolving fund for the disbursements of the loans; and
- (c) Supervising the day-to-day running of the Fund.

The allowances payable to the Committee members are determined by the Salaries and Remuneration Commission.

The annual financial statements of the Fund are subject to audit by the Auditor- General.

**8. Management Discussion and Analysis**

The major risk facing the Assembly's Car Loan & Mortgage Fund is loan default in case of the death of a member. However, this risk has been mitigated by insuring all the members' loans for the benefit of the member of the scheme. This will ensure that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the Insurance Company.

Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All Car Loan & Mortgages granted to the Members are currently being recovered through the payroll check-off system from the members' monthly emolument. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight.

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**9. Report of the Loans Management Committee (LMC)**

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

**Principal activities**

The principal activities of the Fund are to provide a loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by members of the County Assembly as prescribed by the Salaries and Remuneration Commission.

**Results**

The results of the Fund for the year ended June 30, 2022 are set out on page 1 to 5.

**Trustees**

The members of the LMC who served during the year are shown on pages v to vii.

**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 Board



.....  
**Chair of the Loans Management Committee**

**Date:**

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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Baringo County Assembly Members Car Loan Scheme Regulations 2014 and the Baringo County Assembly Members 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 Baringo County Assembly (Members) Car Loan and Mortgage Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial 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 Baringo County Assembly (Members) Car Loan and Mortgage Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Baringo County Assembly Members Car Loan Scheme Regulations 2014 and the Baringo County Assembly Members 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 Baringo County Assembly (Members) Car Loan and Mortgage Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 17/01/2023 and signed on its behalf by: .....

**Administrator of the County Public Fund**



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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 BARINGO COUNTY ASSEMBLY (MEMBERS) CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2022

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### 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 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 control, 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 Baringo County Assembly (Members) Car Loan and Mortgage Fund set out on pages 1 to 23, which comprise the

statement of financial positions as at 30 June, 2022, statement of financial Performance, statement of changes in Net Asset, 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 Baringo County Assembly (Members) Car Loan and Mortgage 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 (Baringo County Assembly (Members) Car Loan Fund) Regulation, 2014, the Public Finance Management (Baringo County Assembly (Members) Mortgage Scheme Regulation, 2018 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Interest Income**

The statement of financial performance reflects interest income of Kshs.1,255,615. However, the detailed schedule showing loans issued and rate of accrued interest was not provided for audit.

In the circumstances, the accuracy and completeness of the reported interest income of Kshs.1,255,615 for the year ended 30 June, 2022 could not be confirmed.

### **2. Current Portion of Long-Term Receivables**

The statement of financial position reflects the current portion of long-term receivables balance of Kshs.5,606,341 a reduction by Kshs.40,767,520 from the prior year balance. However, the statement of cash flow reflects proceeds from loan principal repayments of Kshs.39,629,468 resulting to an unexplained variance of Kshs.1,138,052. Further, the detailed schedule showing the loan movements; opening balance, loans issued and repayments for the year to arrive at the closing balance was not provided for audit. Furthermore, the outstanding loan balances have not been secured by way of logbooks and title deeds.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables balance of Kshs.5,606,341 as at 30 June, 2022 could not be confirmed.

### **3. Debtors**

The statement of financial position reflects debtors balance of Kshs.100,000. However, the detailed schedule in support of the balance indicating the debtors name, amount owed and services provided to the Fund was not provided for audit.

In the circumstances the accuracy, completeness and existence of debtor's balance of Kshs.100,000 as at 30 June, 2022 could not be confirmed.

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

## **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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Irregular Combination of the Financial Statements**

As previously reported, Baringo County Assembly (Members) Car Loan Scheme Fund Regulations, 2014 and Baringo County Members Mortgage Fund Regulations, 2018 are separate Schemes of which Management ought to prepare separate financial statements. However, the Management have prepared combined financial statements for Car and Mortgage Scheme Funds.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**20 February, 2023**

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**12. Statement of Financial Performance for The Year Ended 30th June 2022**

	Note	2022/2022	2021/2021
		KSh	KSh
<b>Revenue from exchange transactions</b>			
Interest income	1	1,255,615	1,458,511
<b>Total revenue</b>		<b>1,255,615</b>	<b>1,458,511</b>
<b>Expenses</b>			
Finance costs	2	2,997	5,727
Sitting allowance	3	-	29,500
<b>Total expenses</b>		<b>2,997</b>	<b>35,227</b>
<b>Surplus/( deficit) for the period</b>		<b>1,252,618</b>	<b>1,423,284</b>

(The notes set out on pages 15 to 24 form an integral part of these Financial Statements)

.....  
**Name: Jepkemoi Chemase**  
**Administrator of the Fund**



.....  
**Name: CPA Alfred Keitany**  
**Director Finance & Accounting Services**  
**ICPAK Member Number:17968**

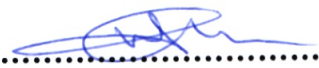



**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**13. Statement of Financial Position as at 30<sup>th</sup> June 2022**

	Note	2021/2022	2020/2021
		KSh	KSh
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	112,576,474	70,556,336
Current portion of long- term receivables from exchange transactions	5	5,606,341	46,373,861
Debtors	6	100,000	-
<b>Total assets</b>		<b>118,282,815</b>	<b>116,930,197</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			-
Creditors	7	100,000	
<b>Total liabilities</b>		<b>100,000</b>	-
<b>Net Assets</b>		<b>118,182,815</b>	<b>116,930,197</b>
Revolving Fund		110,741,991	110,741,991
Accumulated surplus		7,440,824	6,188,206
<b>Total net assets and Liabilities</b>		<b>118,182,815</b>	<b>116,930,197</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/01 2023 and signed by:

.....  
  
**Name: Jepkemoi Chemase**  
**Administrator of the Fund**

.....  
  
**Name: CPA Alfred Keitany**  
**Director Finance & Accounting Services**  
**ICPAK Member Number: 17968**



**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**14. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

		Revolving Fund	Accumulated Surplus	Total
		KSh.	KSh.	KSh.
<b>Balance as at 1 July 2020</b>		<b>206,341,359</b>	<b>4,764,922</b>	<b>211,106,281</b>
Surplus/(deficit) for the period		-	1,423,284	1,423,284
Funds received during the year		-	-	-
Cash Refund of amount of car loan repayments already recovered after conversion of the Car Loan Fund to Car Grant	11	(63,874,466)	-	(63,874,466)
Car Loan Balance written off from the books of accounts (amount unpaid by members for the period April-June 2020 and February 2021- June 2022)	11	(31,673,353)	-	(31,673,353)
Car Loan/Mortgage Insurance Premium paid to Jubilee Insurance	9	(51,549)	-	(51,549)
<b>Balance as at 30 June 2021</b>		<b>110,741,991</b>	<b>6,188,206</b>	<b>116,930,197</b>
<b>Balance as at 1 July 2021</b>		<b>110,741,991</b>	<b>6,188,206</b>	<b>116,930,197</b>
Surplus/(deficit) for the period		-	1,252,618	1,252,618
<b>Balance as at 30 June 2022</b>		<b>110,741,991</b>	<b>7,440,824</b>	<b>118,182,815</b>



.....  
Name: **Jepkemoi Chemase**  
Administrator of the Fund



.....  
Name: **CPA Alfred Keitany**  
Director Finance & Accounting Services  
ICPAK Member Number: **17968**

**BARINGO COUNTY ASSEMBLY  
DIRECTOR FINANCE & ACCOUNTING  
SERVICES**  
**17 JAN 2023**  
SIGN:.....  
P.O. BOX 159 - 30400, KABARNET

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**15. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received	10	1,255,615	1,465,552
<b>Total Receipts</b>		<b>1,255,615</b>	<b>1,465,552</b>
<b>Payments</b>			
Bank Charges	2	2,997	5,727
Sitting allowances	3	-	29,500
		<b>1,252,618</b>	<b>1,430,325</b>
<b>Net cash flows from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments	8	39,629,468	47,762,976
Loan balance compensation from Jubilee Insurance Ltd	14	1,126,465	-
<b>Net cash flows from investing activities</b>		<b>40,755,933</b>	<b>47,762,976</b>
<b>Cash flows from financing activities</b>			
Car loan & Mortgage Insurance	9	-	(51,549)
Conversion of Car Loan to a Car Grant through a refund to the Members of the amount of loan already repaid	11	-	(63,874,466)
Payment for Supply of fuel	12	(1,600,000)	(1,280,000)
Refund for the supply of fuel	13	1,500,000	1,280,000
Cash receipts from Jubilee Insurance Co. Ltd	7	100,000	-
Other Receipts	15	250,440	-
Other Payments	16	(238,853)	-
<b>Net cash flows from financing activities</b>		<b>11,587</b>	<b>(63,926,015)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42,020,138</b>	<b>(14,732,714)</b>
Cash and cash equivalents at 1 JULY	4	70,556,336	85,289,050
<b>Cash and cash equivalents at 30 JUNE</b>	<b>4</b>	<b>112,576,474</b>	<b>70,556,336</b>

Name:

Administrator of the Fund



Name:

Director Finance & Accounting Services  
ICPAK Member Number: 968



**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**16. Statement of Comparison of Budget and Actual Amounts for the Period ended 30<sup>th</sup> June 2022**

	Original budget 2022	Adjustments 2022	Final budget 2022	Actual amount 2022	Percentage difference 2022	Variance 2022
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Interest income	1,255,615	-	1,255,615	1,255,615	-	100%
<b>Total income</b>	<b>1,255,615</b>	<b>-</b>	<b>1,255,615</b>	<b>1,255,615</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Bank Charges	2,997	-	2,997	2,997	-	100%
<b>Total expenditure</b>	<b>2,997</b>	<b>-</b>	<b>2,997</b>	<b>2,997</b>	<b>-</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>1,252,618</b>	<b>-</b>	<b>1,252,618</b>	<b>1,252,618</b>	<b>-</b>	<b>100%</b>

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**17. Significant Accounting Policies**

**1. General Information**

The Baringo County Assembly (Members) Car Loan and Mortgage Fund is a County Public Fund established by and derives its authority and accountability from the Baringo County Assembly Members Car Loan Scheme Regulations 2014 and the Baringo County Assembly Members Mortgage Scheme Fund Regulations 2018. The entity is wholly owned by the County Assembly of Baringo and is domiciled in Kenya. The entity's principal activity is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair or residential property by Members of the County Assembly as may be determined by the Salaries and Remuneration Commission.

**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**

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
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Standard	Effective date and impact
	<p>assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <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><b>Amendments to Other IPSAS</b></p>	<p><b>Applicable: 1st January 2023:</b></p>

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Standard	Effective date and impact:
<p>resulting from IPSAS 41, Financial Instruments</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> <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>
<p>Other improvements to IPSAS</p>	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</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>
<p>IPSAS 43</p>	<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>

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Standard	Effective date and impact
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
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,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**4. Significant Accounting Policies**

**a) Revenue recognition**

**i. 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. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

**c) 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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
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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.

***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.

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**d) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**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) 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.

**g) 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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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.

**h) Comparative figures**

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

**i) Events after the reporting period**

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

**j) Ultimate and Holding Entity**

The Baringo County Assembly (Members) Car Loan and Mortgage Fund is a County Public Fund established by the Baringo County Assembly Members Car Loan Scheme Regulations 2014 and the Baringo County Assembly Members Mortgage Scheme Fund Regulations 2018 under County Assembly of Baringo. Its ultimate parent is the County Assembly of Baringo.

**k) Currency**

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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**Baringo County Assembly (Members) Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**18. Notes to the Financial Statements**

**1. Interest Income on Loans**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Interest income from loans(mortgage & car loans)	1,255,615	1,458,511
<b>Total</b>	<b>1,255,615</b>	<b>1,458,511</b>

Interest is charged on car loans & mortgage at 3% p.a. on a simple interest basis.

**2. Finance costs**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Bank Charges	2,997	5,727
<b>Total</b>	<b>2,997</b>	<b>5,727</b>

**3. Sitting allowances**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Sitting allowances	-	29,500
<b>Total</b>	<b>-</b>	<b>29,500</b>

This refers to the sitting allowances expense made to the members of the Loans Management Committee in the FY 2021/2022.

**4. Cash and cash equivalents**

Description	2021/2022	2020/2021
	KShs	KShs
Baringo County Assembly Car Loan & Mortgage Fund Account	112,576,474	70,556,336
<b>Total cash and cash equivalents</b>	<b>112,576,474</b>	<b>70,556,336</b>

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

Financial Institution	Account number	2021/2022	2020/2021
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial Bank	1152063324	112,576,474	70,556,336
<b>Total</b>		<b>112,576,474</b>	<b>70,556,336</b>

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**5. Receivables from exchange transactions**

Description	2021/2022	2020/2021
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	5,606,341	46,373,861
<b>Total Current receivables from exchange transactions</b>	<b>5,606,341</b>	<b>46,373,861</b>

**6. Debtors**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Debtors	100,000	-
<b>Total</b>	<b>100,000</b>	<b>-</b>

This refers to the amount advanced to the KCB Operations A/c No: 1142302326 as at 30<sup>th</sup> June 2022 which is expected to be repaid later on.

**7. Creditors**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Creditors-last expense claim for the for the late David Rotich	100,000	-
<b>Total</b>	<b>100,000</b>	<b>-</b>

This refers to the cash amount received from Jubilee Insurance Ltd as at 30<sup>th</sup> June 2022, being the last expense claim for the late David Rorich. This is expected to be paid to the next of kin later on.

**8. Proceeds from Principal Loan Repayments**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Principal Loan Repayments-Cash	39,629,468	47,762,976
<b>Total</b>	<b>39,629,468</b>	<b>47,762,976</b>

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This refers to the part of the total loan (principal & interest) repaid exclusive of interest i.e. the principal loan repayments for which the cash had been received in the Fund Account as at 30 June 2022.

**9. Car Loan & Mortgage Insurance**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Car Loan & Mortgage Insurance premium	-	51,549
<b>Total</b>	-	<b>51,549</b>

This refers to the life insurance premium paid to Jubilee Insurance Company Ltd to cover the Loans advanced to the Members against death and disability.

**10. Interest Income (actual cash received)**

Description	2021/2022	2020/2021
	KShs	KShs
Interest income received from Car Loans (actual cash received)	1,255,615	1,465,552
<b>Total</b>	<b>1,255,615</b>	<b>1,465,552</b>

The interest income relates to the actual (cash) interest income earned and received on car loans and mortgages for the year ended 30<sup>th</sup> June 2022. For FY 2021/2022, the amount is equal to the amount in Note 1 to the financial statements.

**11. Car Loan Balances converted to Car Grant**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Cash refund of amount of car loan repayments already recovered after conversion of the Car Loan Fund to Car Grant as per the advice of the SRC	-	63,874,466
Car Loan Balance written off from the books of accounts (amount unpaid by the members for the period April-June 2020 and February 2021-June 2022) as per the advice of the SRC	-	31,673,353
<b>Total</b>	-	<b>95,547,819</b>

This refers to the Car loan balances converted to Car Grant as per the advisory of the SRC Ref. No.: SRC/TS/COG/3/61/48 VOL. II (113) dated 9<sup>th</sup> February 2021 in the FY 2020/2021.

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**12. Payment for supply of fuel**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Supply of fuel	1,600,000	1,280,000
<b>Total</b>	<b>1,600,000</b>	<b>1,280,000</b>

This refers to the payment for the supply of fuel for Assembly vehicles made from the Car Loan & Mortgage Fund account

**13. Refund of amount paid for supply of fuel**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Refund of amount paid for supply of fuel	1,500,000	1,280,000
<b>Total</b>	<b>1,500,000</b>	<b>1,280,000</b>

This refers to the refund to the Car Loan & Mortgage Fund account of the amount paid for supply of fuel for Assembly vehicles.

**14. Loan balance compensation from Jubilee Insurance Ltd**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Loan balance compensation from Jubilee Insurance Ltd	1,126,465	-
<b>Total</b>	<b>1,126,465</b>	<b>-</b>

This refers to the payment received from Jubilee Insurance Ltd being loan balance compensation for the late Macca Hamisi.

**15. Other Receipts**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Erroneous loan repayment	40,197	-
Erroneous loan repayment	35,285	-
Erroneous receipts from Catering Fund Payroll deductions	163,371	-
Cash receipts-debtors underpayment of March 2022 Loan repayment	11,587	-
<b>Total</b>	<b>250,440</b>	<b>-</b>

This refers to cash receipts from non-operating activities of the Fund e.g. erroneous loan repayment, erroneous receipts from Catering Fund payroll deductions and receipts from

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debtors on underpayment of loan repayment, and which were on transit to be transferred to the appropriate account.

**16. Other Payments**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Refund of erroneous receipts to Catering Fund Account	163,371	-
Refund of erroneous loan repayment to County Executive Car Loan & Mortgage Fund Account	11,229	-
Refund of erroneous loan repayment to Staff Car Loan & Mortgage Fund Account	64,253	-
<b>Total</b>	<b>238,853</b>	<b>-</b>

This refers to payments for non-operating activities of the Fund e.g. refund of erroneous loan repayment and refund of erroneous receipts from Catering Fund Account which were transferred to the appropriate account.

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**Other Disclosures Continued**

**17. 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:

	Total amount Kshs	Fully performing Kshs	Partly impaired Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	5,606,341	5,606,341	-	-
Bank Balances	112,516,474	112,516,474	-	-
<b>Total</b>	<b>118,182,815</b>	<b>118,182,815</b>	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	46,373,861	46,373,861	-	-
Bank Balances	70,556,336	70,556,336	-	-
<b>Total</b>	<b>116,930,197</b>	<b>116,930,197</b>	-	-

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

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uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**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. 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.

**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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	2021-2022	2020-2021
	Kshs	Kshs
Revolving fund	110,741,991	110,741,991
Accumulated surplus	7,440,824	6,188,206
<b>Total funds</b>	<b>118,182,815</b>	<b>116,930,197</b>
Total borrowings	-	-
Less: cash and bank balances	(112,576,474)	(70,556,336)
Net debt/(excess cash and cash equivalents)	(112,576,474)	(70,556,336)
<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.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Basis for Opinion</b>				
1.1	Undisclosed fuel expenses	The item has been disclosed in the Notes to the Financial Statements	Resolved	N/A
1.2	Undisclosed car loan insurance premiums	The item has been disclosed in the Notes to the Financial Statements	Resolved	N/A
1.3	Inaccurate Statement of Cash flows	The issue has been corrected in the Statement of Cash flows	Resolved	N/A
2.0	Unsupported interest income	A general ledger has been prepared to support principal loan, loan repayment, interest repayment & outstanding loan balance	Resolved	N/A
<b>Basis for Conclusion</b>				
1.0	Irregular combination of the financial statements	The management is reviewing the two relevant legislations with a view to aligning the financial statements to the legislations.	Not Resolved	30/6/2023
2.0	Unsecured mortgaged properties	The management is working to ensure that mortgaged properties are secured, a mortgage protection policy and fire policy is in place	Not Resolved	30/6/2023
3.0	Non-compliance with the Public Sector Accounting Standards	The Fund Administrator has been appointed vide letter REF:BCG/CT/FAA/111/VOL.I(11)	Resolved	N/A