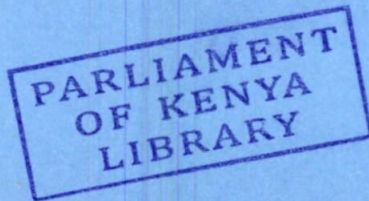


REPUBLIC OF KENYA

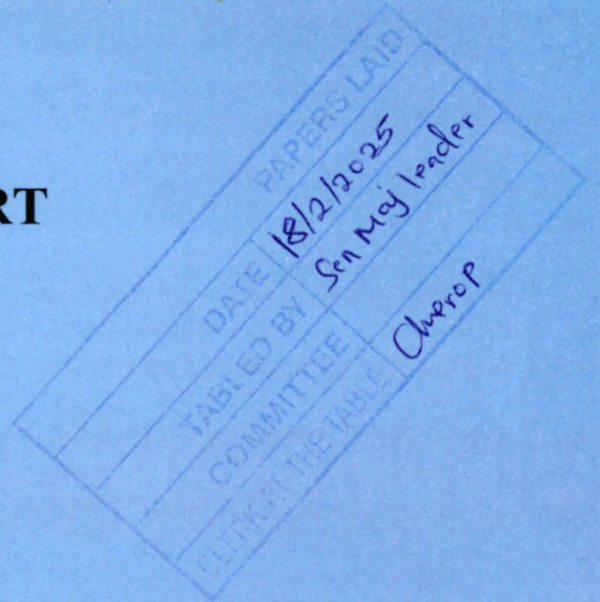


Enhancing Accountability

REPORT



OF



THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY ASSEMBLY CAR LOAN AND
MORTGAGE FUND**

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



**KIAMBU COUNTY ASSEMBLY
COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

**County Assembly Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2024**

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

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
DoB	Date of birth
FY	Financial Year
LLB	Bachelor of Laws
UoN	University of Nairobi
CS	Certified Secretaries
IHRM	International Human Resource Management
ICPS	International Centre for Parliamentary Studies
SRC	Salaries and Remuneration Commission
KRA	Kenya Revenue Authority
KCA	Kenya College of Accountancy
MCA	Member of County Assembly
USA	United States of America
M/NO	Membership Number
LSK	Law Society of Kenya
EALS	East African Law Society

b) Glossary of Terms

Fiduciary Management.

The key management personnel who had financial responsibility were;

1. Fund Administrator;
2. Head of Finance in the County Assembly;
3. The Loan Management Committee Secretariat and
4. The Loan Management Committee

2. Key Entity Information and Management

a) Background information

Kiambu County Assembly Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund” regulations, 2014 dated 14th and 22nd May 2014, respectively. The Fund is wholly owned by the County Assembly of Kiambu, Kenya.

The Fund aims to provide a Car Loan and Mortgage to Members of the County Assembly to purchase, develop, renovate, or repair a residential property.

b) Principal Activities

The principal activity is to provide car loans and mortgages to members of the County Assembly.

The Kiambu County Assembly Vision, Mission, and Core Values:

Vision

To be a vibrant, value-oriented, quality-driven, and people-responsive County Assembly in Kenya.

Mission

To be a transformative, efficient, effective, and democratic discharge of representation, legislative, and oversight mandates.

Core values

1. Independence;
2. Integrity;
3. Openness;
4. Professionalism;
5. Concern and
6. Equity and unity in diversity.

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

c) The Loan Management Committee

Ref	Name	Position
1.	Hon.Charles Murungaru Thiongo, Speaker	Chairman, Loans Management Committee
2.	Hon.Eric Warugu Ndung'u, MCA	Vice-Chairman, Loans Management Committee
3.	Hon. Joachim Njama, MCA	Member, Loans Management Committee
4.	Rev.Fr. Evangelos Mwaura Thiani	Member, Loans Management Committee
5.	Ms. Josephine Wanjiru Gicho	Member, Loans Management Committee
6.	Mr. John Mwivithi Mutie	Secretary, Loans Management Committee

d) Key Management team

Ref	Name	Position
1.	Mr John Mwivithi Mutie	Fund Administrator
2.	Ms.Sarah Felicity Nkatha Kiruki	Director of Finance and Accounts
3.	Mr. Gabriel Muriithi	Principal Accountant
4.	Mr. John Ichamugo Mugo	Account Officer II

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1.	Head of Internal Audit	I. Mr. Flavian Kung'u Gatimu
2.	County Assembly Public Investments and Account Committee	i. Hon. Obudho Kennedy Odhiambo, Chairperson ii. Hon. Kamau James Boro, Member iii. Hon. Wanyutu Wamwere, Member iv. Hon. Njue John Njiru, Member v. Hon. Munga Nelson Mbuiyu, Member vi. Hon. Muthondu John Ngure, Member vii. Hon. Ndungu Erick Warugu, Member

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

		<ul style="list-style-type: none"> viii. Hon. Njama Joakim Mwangi, Member ix. Hon. Munana Moses Muiruri, Member x. Hon. Mbugua Zacharia Macharia, Member xi. Hon. Nyaga Esther Wambui, Member xii. Hon. Irungu Esther Muthoni, Member xiii. Hon. Mburu Susan Njeri, Member xiv. Hon. Kamau Alice Wangui, Member xv. Hon. Hinga Grace Wanjiru, Mca
3.	Audit Committee	<p>The audit committee was constituted in November 2020. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held three meetings up to November 2023. The committee members during the period were:</p> <ul style="list-style-type: none"> i. Naomi Mwangi, Acting Chairperson ii. Phillip Muriuki, Member iii. Maureen Njambi, Speaker Nominee iv. Flavian Gatimu, Secretary <p>Newly appointed audit committee members on 25th June 2024.</p> <ul style="list-style-type: none"> i. Samuel Mwaura, Chairperson ii. Salome Gakure, Member iii. Joseph Njoroge, Member iv. Flavian Gatimu, Secretary

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

f) Registered Offices

Kiambu Assembly Buildings

P.O. Box 1492-00900

KIAMBU, KENYA

g) Fund Contacts

Telephone: 0675860000

E-mail: info@kiambuassembly.go.ke

Website: www.kiambuassembly.go.ke

h) Fund Bankers

Family Bank

P.O. Box 74145-00200

THIKA, KENYA.

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

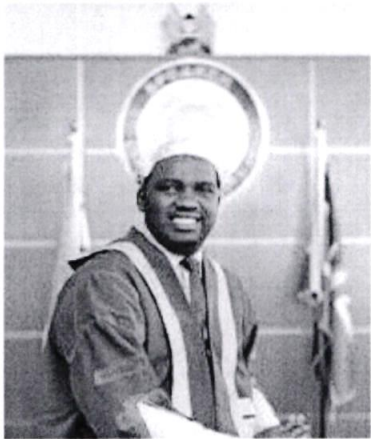

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney




County Attorney
Nova County Office
P.O. Box 2344-00900
KIAMBU, KENYA

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

3. The Loan Management Committee

Name	Details of qualifications and experience
<p>1. Hon. Charles Murungaru Thiongo</p> 	<p>Chairman, Loans Management Committee. Hon.Charles Murungaru Thiongo is the Speaker of the County Assembly of Kiambu and the chairman of the County Assembly Service Board of Kiambu. He holds a Master of Laws (LL.M) Degree from the University of Nairobi and a Bachelor of Laws (LL. B) Degree from the same University. He also holds a Post-graduate Diploma in Law from the Kenya School of Law and is a practicing Advocate of the High Court of Kenya. He is a member of the Law Society of Kenya (LSK) and the East African Law Society (EALS). He has vast experience in the corporate world spanning over thirteen years in top management positions in various corporate organizations. In his legal practice, he has specialized in corporate/commercial law and governance, finance and tax law, energy and extractives and arbitration, conveyancing, and business restructuring. He has interest in strategic management and leadership, corporate governance, and regulatory compliance and has undertaken professional courses in this area.</p>
<p>2. Hon.Eric Warugu Ndung'u,</p> 	<p>Vice-Chairman, Loans Management Committee. He was born in 1979. He is the Vice-Person of the County Assembly of Service Board and an elected member of Uthiru Ward. He has more than seven years of experience in the Public Sector. He holds a Bachelor of Arts in Public Administration (BAPA) from Mount Kenya University and a diploma in Journalism and Public Relations from Kenya Polytechnic University. He is a member of the Media Society of Kenya (M/NO 011442) with more than 10 years in the media industries.</p>

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

<p>3. Hon. Joachim Njama</p> 	<p>Member, Loans Management Committee. He was born on September 9th, 1990. He is a member of the County Assembly of Service Board and an elected member of Ngoliba Ward. He has seven years' experience in the Public Sector with a Diploma in banking finance from Mount Kenya University.</p>
<p>4. Fr. Evangelos Evanson Mwaura Thiani</p> 	<p>Member, Loans Management Committee. Rev. Fr. Evangelos Evanson Mwaura Thiani was appointed a Member of the County Assembly of Kiambu Service Board on December 8, 2017. He was born on October 10, 1980. He holds a diploma in theology from Orthodox Seminary, Nairobi, a Bachelor of Theology from Sydney College of Divinity, a graduate Diploma in Education from Daystar University, a Master of Divinity from Hellen College Holy Cross, Boston, USA and a Master of Theology from Hellen College Holy Cross, Boston, USA.</p>
<p>5. Ms. Josephine Wanjiru Gicho</p> 	<p>Member, Loans Management Committee. Ms. Josephine Wanjiru Gicho was appointed a Member of the County Assembly Service Board of Kiambu on May 29, 2018. She was born on May 23, 1950. She holds a bachelor of arts in counselling and psychology from Presbyterian University of East Africa. Before her appointments, she served as a high school principal.</p>
<p>6. Mr. John Mwivithi Mutie</p>	<p>Secretary, Loans Management Committee. DoB: 29th September, 1970 He is the Clerk of the County Assembly of Kiambu.</p>

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




He holds an LLB from the (UoN). He is a CPS(K) - Member of ICPS(K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.



Mr John Mutie has a public service experience of over twenty years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.

Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.


4. Management Team

Name	Details of qualifications and experience
<p>1. Mr. John Mwavithi Mutie</p> 	<p>Fund Administrator, DoB: 29th September, 1970</p> <p>He is the Clerk of the County Assembly of Kiambu.</p> <p>He holds an LLB from the (UoN). He is a CPS(K) - Member of ICPS(K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Mr John Mutie has a public service experience of over twenty eight years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.</p>

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

	<p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.</p>
<p>2. Ms.Sarah Felicity Nkatha Kiruki</p> 	<p>Fund Accountant,</p> <p>She is the Director of Finance and Accounts at the County Assembly of Kiambu, with more than ten years of experience in the Accounting and Auditing field. She was born in 1980.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and holds a Bachelor’s in Business Administration (Finance and Accounting) from Kenya Methodist University. She is also a Certified Public Accountant (ICPAK No.6244)</p>
<p>3. Mr.Gabriel Karimi Muriithi</p> 	<p>Principal Accountant,</p> <p>He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK 9345).He was born on July 11th, 1972. He is also a certified secretary and currently pursuing a Bachelor of Commerce degree at KCA University. He has attended the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government (KSG).</p>

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

	<p>He is also a certified professional mediator. He has a public service experience of over 25 years, most of it in senior managerial positions. He worked with the defunct Local Authorities as Chief Internal Auditor and Treasurer to various Local Authorities until 2013, when the County Government was established. Before joining Public Service, he had worked in the corporate sector as an Accountant and Audit Assistant in an Auditing firm.</p>
<p>4. Mr. John Ichamugo Mugo</p> 	<p>Account Officer II,</p> <p>He is an Accounts Officer II at the County Assembly of Kiambu, with over five years of accounting experience. He was born in 1989. He holds a Bachelor's degree in Finance and Banking from Moi University. He is a Certified Public Accountant (ICPAK No.24172)</p>

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

5. Fund Chairperson's Report

It is my pleasure to present, on behalf of the board, the County Assembly Car Loan and Mortgage Scheme Fund financial statements for the year ending 30 June 2024. The financial statements present the fund's financial performance over the past year.

The County Assembly of Kiambu established and enacted the County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014, guided by the Public Finance Management Act, Regulations 2014.

The objective and purpose of the fund is to provide loans to Members of the County Assembly to enable them to purchase, develop, renovate, or repair a residential property and purchase motor vehicles.

FINANCIAL PERFORMANCE

Revenues from Exchange Transactions

There was an increase of interest income on the car loan and mortgage loans in the FY 2023/2024 to kshs **9,278,885** from kshs **4,415,126** in the FY 2022/2023. This was occasioned by increased recoveries from enhanced disbursements to the members of the county Assembly in the year under review.

Revenues from Non-Exchange Transactions

The Fund received kshs **25,000,000** from the County Treasury in the year under review.

Total Expenses

The total expenses for the financial year 2023/2024 was kshs **9,982,091** which constituted of bank charges and Fringe Benefit Tax of kshs **38,058** and kshs **9,944,033** respectively.

Cashflows

The Cash and Cash equivalents increased from kshs **261,297** in July 2023 to ksh **38,730,912** in June 2024 due to increased members Car loan and Mortgage repayments recoveries in the year under review.

Summary of the net changes:

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


1. Cash flow from net operating activities was kshs **21,486,905**, comprising of receipts totaling kshs **34,321,341** less payments totaling kshs **12,834,436**
2. Cash flow from net investing activities was kshs **16,982,710** comprising of proceed from loan principal repayments of kshs **85,502,710** less loan disbursements paid out of kshs **68,520,000**
3. Cash flow from net financing activities was kshs **Nil** in the FY 2023/2024.

Proper and adequate financial systems and measures have been put in place to ensure efficient control that warrants prompt recoveries through the check-off system to safeguard the utilization of public resources.

It is remarkable what the committee has accomplished regarding financial performance and our steadfast dedication to ensuring that all members benefit from the fund through continuous sensitization on mortgages.

Special thanks to the County Assembly Service Board, the Loans Management Committee, and the members for their continued support.

We look forward to a more favorable financial year 2024/25.

Name. CHARLES Tshamba Signature.  Date. 14/11/2024

Chairperson of the Fund

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

6. Report of the Fund Administrator

The Car Loan and Mortgage Scheme Fund was established under Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February 2014.

For good management of the fund as advised by the Salaries and Remuneration Commission, the County Assembly of Kiambu adopted Public Finance Management regulations, County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund, dated 14th and 22nd May 2014 to guide the operationalization of the fund.

The Loan Management Committee initiated a transformation that brought positive results to the Members of the County Assembly of Kiambu by issuing Car and Mortgage facilities to the Honorable Members.

In the year under review, the Assembly managed to disburse a car loan and Mortgage of kshs **68,520,000** to the members of the Assembly.

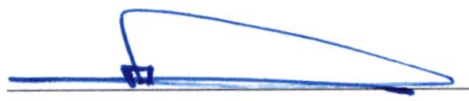
This has been another successful year; we continue to grow and have our members at the heart of everything.

The fund objective is to provide a Car and Mortgage to members to purchase, develop, renovate, and or repair a residential property.

The interest payable on a loan granted is three percent per annum on a monthly reducing balance. The borrower pays the interest charged. The borrower fully repays a loan granted under these Regulations within five years or before the borrower's exit period, which is three months prior, whichever comes earlier.

The fund has continued to grow over the years, and the management has put measures in place to safeguard the loss of public resources by ensuring members' Properties are jointly secured by the applicant and County Assembly of Kiambu and ensuring we comply with statutory requirements and day-to-day running of the fund and timely remittances of the recoveries.

It has been another successful year. We continue to grow and have our members at heart in everything we do.

Signed: 

Mr John Mwivithi Mutie

Fund Administrator

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

Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

Section 161 (1) 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, following 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 mandate of the County Assembly of Kiambu is legislation, oversight, and representation. The County Assembly of Kiambu established and enacted the “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund “regulations dated 14th and 22nd May 2014, in compliance with the Public Finance Management Act.

The key objective of the Kiambu County Assembly Car Loan and Mortgage Scheme Fund is to provide Car and Mortgage loans to the members of the County Assembly to purchase, develop, renovate, and repair residential property.

In the year under review, the County Assembly of Kiambu has gained an enormous milestone by successfully disbursing Car loans and Mortgages of kshs 68,520,000 to 86 members and the Speaker who have successfully applied and adhered to the loan regulations.

The table below shows the performance of the fund.

Program	Objective	Outcome	Indicator	Performance
The “County Assembly Car Loan and Mortgage Scheme Fund”	To provide car and mortgage loans to 86 members and the speaker of the County Assembly.	In the Third Assembly the fund has disbursed Car loan and mortgage to 35 and 66 respectively.	Number of Car loan and Mortgage disbursements.	The Fund managed to disburse loans of kshs 68,520,000 in the year under review.

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

7. Corporate Governance Statement

The County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations establishes members Car Loan and Mortgage Loan Management Committee.

A statement of the County Assembly of Kiambu's full corporate governance practices is set out below;

ROLE AND RESPONSIBILITIES OF THE LOAN MANAGEMENT COMMITTEE

The loan management operates per the broad principles set out in section 116 of the Public Finance Management Act and is responsible for:

- (a) Receiving and analysing reports from the officer administering the Fund;
- (b) Endorsing loan application forms;
- (c) Advising on any additional funds that may be required for the Fund;
- (d) Liaising with the mortgage company (if any) to set up a revolving fund for the disbursement of the loans; and
- (e) Performing any other function necessary to administer the loan.

APPOINTMENT OF LOAN MANAGEMENT COMMITTEE MEMBERS

The Car Loan and Mortgage Loan Management Committee comprises the under-listed members as stipulated under the “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund” regulations, 2014.

S/no	Name	Position
1.	Hon.Charles Murungaru Thiongo, Speaker	Chairman, Loans Management Committee
2.	Hon.Eric Warugu Ndung’u, MCA	Vice -Chairman, Loans Management Committee
3.	Hon. Joachim Njama, MCA	Member, Loans Management Committee
4.	Rev.Fr. Evangelos Mwaura Thiani	Member, Loans Management Committee
5.	Ms. Josephine Wanjiru Gicho	Member, Loans Management Committee
6.	Mr. John Mwivithi Mutie	Secretary, Loans Management Committee

The administrator of the Fund may designate and appoint such staff as maybe necessary to assist him in administrating the Fund.

DELEGATION TO FUND ACCOUNTANT

The Fund Administrator delegates responsibility for the day-to-day management and administration of the Fund to the Fund Accountant. The Fund administrator and the Fund

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

accountant are responsible for ensuring the Loan Management Committee is provided with appropriate, accurate, and transparent information on a timely basis.

PERFORMANCE EVALUATION

The performance of the members Car and Mortgage Loan is reviewed monthly, quarterly, and annually.

FUND ADMINISTRATOR.

The Fund administrator is the accounting officer and secretary to the Board and is responsible for

- (a) Supervising and controlling the administration of the Fund;
- (b) Keeping all legal documents relating to the Fund;
- (c) Causing to be kept books of account and other books and records to the Fund;
- (d) Preparing, signing, and transmitting to the auditor general in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as may be required under the Public Finance Management Act;
- (e) Furnishing such additional information as may be required for examination and audit by the auditor general;
- (f) Designating and appointing such members as may be necessary to assist them in the administration of the Fund;
- (g) Carrying out such inspections as may be necessary to verify any information submitted by the loan applicant;
- (h) Preparing and submitting quarterly reports on the Fund to the Committee.

LOAN MANAGEMENT COMMITTEE

The Committee held twenty-five meetings during the financial year 2023/2024 to endorse loan application forms and receive and analyze reports from the officer administering the Fund.

STATEMENT OF COMPLIANCE

The Loan Management Committee confirms that the Fund has throughout the FY 2023/2024, complied with all statutory and regulatory requirements and that the principles of good corporate governance have prevailed in the management of the Fund.

INTERNAL CONTROL FRAMEWORK

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

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment.

MANAGEMENT TEAM

The team regularly reviews the action plans to ensure that the Loan Management Committee objectives are achieved effectively and efficiently.

AUDITOR

The Auditor-General audits the Annual reports and Financial Statements and issues Auditor's reports that include opinion in accordance with the provisions of section 48 of the Public Audit Acts, 2015.

8. Management Discussion and Analysis

Comparative analysis of revenue

The comparative analysis of revenue received in the last two (2) years is as follows.

- FY 2022/23 revenue from exchange transactions was Ksh. **4,415,126.**
- FY 2023/24 revenue from exchange transactions was Ksh. **34,278,885.**

FY 2023/2024: The revenue from exchange transactions increased significantly to kshs **34,278,885** compared to previous financial year due to increased funds received from the County Treasury.

In summary, the trend in revenue over these two years reflects the reducing balance method of interest calculation, with interest generated decreasing as the outstanding loan balances are reduced through repayments. This trend is consistent with the Assembly's policy of ensuring that loans are fully repaid three months before the lapse of their term.

Comparative analysis of operating expenses

A comparative analysis of operating expenses in the last two (2) years is as follows.

- ◆ FY 2022/23 operating expenses was **Ksh. 3,915.767.**
- ◆ FY 2023/24 operating expenses was Ksh. **21,486,905.**

In FY 2023/24, the operating expenses increased to Ksh **21,486,905** compared to the financial year 2022/2023 whose operating cost was khs **3,915.767**. This was occasioned by transfer from the county treasury of kes.**25,000,000** in the year under review.

Comparative Analysis on Loan Disbursement

A comparative analysis of Loan disbursement in the last two (2) years.

- ◆ FY 2022/23 Loan disbursement was Ksh. **335,200,000.**
- ◆ FY 2023/24 Loan disbursement was Ksh. **68,520,000.**

OPERATIONAL PERFORMANCE

The fund's core operating activity has been disbursing Car and mortgage Loans to Kiambu County MCA's

The management has put measures in place to safeguard against the loss of Public Funds by ensuring the loans are jointly secured by the applicant and the County Assembly of Kiambu service board including Loan insurance protection policies and timely repayments of the monthly deductions. The fund takes excellent pleasure in the fact that since its inception, it has no defaults cases on loans disbursed to members. This assures the fund's sustainability and confidence in our ability to continue meeting the needs of our clients.

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

CONCLUSION

We believe that the fund has positively impacted the livelihoods of the MCAs, in ensuring they have reliable means of transport and funding for the construction of reasonable living facilities that provide sufficient comfort and security for the members as they work to execute their service delivery mandates to their constituents in service delivery.

9. Environmental and Sustainability Reporting

The County Assembly of Kiambu establishment is anchored on the Constitution of Kenya, 2010, and is mandated to offer representation of citizens, law-making, and oversight. The Assembly's strategic elements included the following:

The Vision

It's a vibrant, value-oriented, quality-driven, and people-responsive county assembly in Kenya.

Mission

To be a transformative, efficient, and trusted Assembly for Kiambu residents in close consultation with relevant county, national, and international stakeholders.

Core values

We are committed to growing a dynamic institutional culture that these values will guide;

1. **Responsiveness:** We work to find solutions through policy and legislative initiatives that address the needs and preferences of the people of Kiambu County.
2. **Respect:** We listen and respect the wishes of our people and encourage partnerships where mutual respect remains a core working value.
3. **Diversity:** We embrace the diversity of all Kenyans and work to address variety across gender, ethnicity, class, race, disability, and minority lines.
4. **Integrity and Accountability:** We believe that the highest standards of ethics and integrity form a core element of public service and leadership, and we strive to ensure utmost accountability in all our initiatives.

Our beliefs

We believe that;

1. The Constitution of Kenya, 2010, is the supreme law of the land.
2. All Kenyans have equal rights.
3. Every Kenyan is a valuable member of the community.
4. Every Kenyan deserves to be fully served and consulted by their directly elected or party representative in the County Assembly.
5. Women and men deserve equal opportunities to participate in leadership and access to economic, social, and cultural rights.

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

County Assembly Members Mortgage Loan Scheme fund exists to transform lives. This is our purpose, the driving force behind everything we do. It guides us to deliver our strategy, founded on solid pillars: putting the customer/Citizen first, providing relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

The Assembly is committed to attaining the Sustainable Development Goals (SDGs) as agreed upon by the international community.

2. Environmental performance

The County Assembly, through the formation of an Environmental Committee, is establishing environmental and waste management policies. However, the administration has implemented strategies and modalities to ensure minimal impact of the organization's products on the environment.

3. Employee welfare

The Assembly hiring process is guided by the County Assembly Human Resource Manual, amongst other government provisions, to ensure fair competition and gender representation. A performance management and appraisal tool is currently in the process of implementation.

The Assembly is also committed to improving skills through a training committee tasked with ensuring officers' capacity building in different areas to enhance skills and performance.

4. Marketplace practices-

Responsible Competition Practice:

The Assembly carries out fair competition in all its engagements through adherence to legal provisions, constant meetings with the Anticorruption authorities, review of certifications in efforts to attain high-quality products and services, competitive and controlled costs, innovative and easy market entry as well as exit

5. Community Engagements-

The County Assembly, in collaboration with the County Executive, has severally engaged the public through public participation and Corporate Social Activities, including issuing various charitable products to the public, such as food products, agricultural products, and educational materials.

10. Report of the Fund Administrator

The Fund Administrator submits the report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

Principal activities

The Fund's objective is to provide Car Loan and Mortgage to the members of the County Assembly to purchase, develop, renovate, and repair residential property.

Results

The results of the Fund for the year ended June 30, 2024, are set out on pages 1 to 6.

Loan management committee

The members of the Loan Management Committee who served during the year are shown on pages ix and xiv.

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 to carry out the audit of the County Assembly Members Loan Scheme fund for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Chair of the Loan Management Committee

Date:14/11/2024.....

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

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 (Act County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

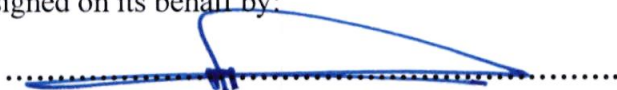
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the 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. OR

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

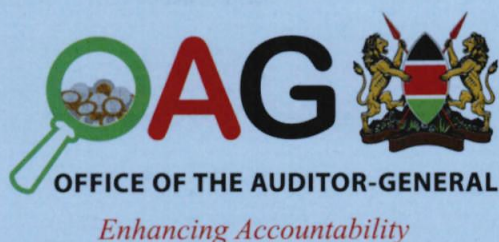
The Fund's financial statements were approved by the Board on 14/11/2024 2024 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of

comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial position and Note 7 to the financial statements reflects a balance of Kshs.289,726,079 for long-term receivables from exchange transactions. However, examination of the ledger provided revealed that an amount totalling Kshs.1,284,303 was deducted from the amount accrued as receivables in the year under review and was not included in the financial statements. It was unclear what the amount related to and the receivables amount is understated by the same amount.

In the circumstance, the accuracy and completeness of the long-term receivables from exchange transactions totalling Kshs.289,726,079 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects that the Fund spent Kshs.9,982,091 against actual receipts of Kshs.34,278,885 resulting to an under-utilization of Kshs.24,296,794 or 71% of actual receipts.

The under-utilization affected the planned activities of the Fund and may have impacted negatively on service delivery to the intended beneficiaries of the fund.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on pages iv to xxvii which comprise of Key Entity Information and Management, The Loan Management Committee, Management Team, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administrator and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu County Assembly Car Loan and Mortgage Scheme Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Issuance of Mortgage Without Approved Documents

The statement of financial position reflects a balance of Kshs.289,726,079 relating to long-term receivables from exchange transactions as disclosed in Note 7 to the financial statements. Review of audit on mortgage scheme fund revealed the following anomalies;

- i. Hon. Member Personnel Number 20220147248 was granted a mortgage scheme loan of Kshs.4,600,000. However, it was noted a sale agreement certified and verified in the presence of an advocate was not provided for audit. Further, duly

executed and registered charge document in favor of the County Assembly Service Board attached affidavit was not verified and certified before the Commissioner of Oaths. In addition, the County Assembly of Kiambu MCA mortgage application form was not dully signed by the Fund accountant and secretary/officer administering the Fund and valuation report from a registered valuer, an official search of the title, Bill of quantities in respect of the property being developed and original title deed were not provided for audit.

- ii. Hon. member Personnel Number 20220152667 was granted a mortgage scheme loan of Kshs.5,000,000. However, it was noted that the County Assembly of Kiambu MCA mortgage application form was not dully filled and signed by the Fund accountant and secretary/officer administering the Fund. Further, the sale agreement certified and verified in the presence of an Advocate was not provided for audit and valuation report from a registered valuer, Bill of quantities in respect of the property being developed and a copy of identification number and pin certificate were also not provided for audit.

This was contrary to the Kiambu County Assembly (Mortgage Scheme Fund) Regulation, 2015, Regulations 12(1) which stipulates that an application for a loan shall be accompanied by the following documents where appropriate – (a) Copies of the designs of the proposed residential property duly approved by the relevant authority; (b) Bills of quantities in respect of the proposed development, renovation or repair; (c) An official search of the title to the property intended to be purchased; (d) A certified copy of the sale agreement relating to the property.

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

2. Issue of Loans with Incomplete and no Application Details

The statement of financial position reflects a balance of Kshs.289,726,079 relating to long-term receivables from exchange transactions as disclosed in Note 7 to the financial statements. Review of mortgage and car loans issued to Members revealed that Members as shown in **Appendix 1** had incomplete or unsigned application forms contrary to Regulation 11 of the Public Finance Management (Kiambu County Assembly Mortgage Scheme Fund) Regulations, 2015 which requires that a person shall apply for a loan to the officer administering the Fund.

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

3. Mortgage and Car Loans without Insurance Policies

The statement of financial position and Note 7 to the financial statements reflects long term receivables from exchange transactions balance of Kshs.289,726,079 relating to loans advanced to Members. Audit review of Members personal files issued with new car loans and mortgage loans facilities revealed the following unsatisfactory matters;

- i. Hon. Member Personnel Number 20220147222 had an approved mortgage loan facility of Kshs.3,000,000 as per conditional offer of mortgage facility of

27 April, 2023, the mortgage loan facility did not have a mortgage protection policy with an approved insurance firm.

- ii. Hon. Member Personnel Number 20131144634 had an approved mortgage loan facility of Kshs.2,000,000 as per conditional offer letter dated 28 May, 2023. However, the mortgage loan facility did not have a mortgage protection policy with an approved insurance firm.
- iii. Hon. Member Personnel Number 20220147052 had an approved mortgage loan of Kshs.2,000,000 as per conditional offer of mortgage facility dated 17 April, 2023. During the year under review the Member was advanced top up loan of Kshs.1,000,000. However, the mortgage protection policy provided expired on 27 April, 2024 and no renewal was done. Further, the repayment period was not indicated in the offer letter as per conditional offer of mortgage facility dated 17 April, 2023 and it was not possible to confirm whether the loan would be paid fully at the end of the term of the Assembly.
- iv. Hon. Member Personnel Number 20220146200 had a mortgage loan facility of Kshs.2,000,000 approved according to conditional offer of mortgage facility dated 12 June, 2023. However, Management did not provide mortgage protection policy and fire insurance policy for the mortgage facility.
- v. Hon. Member Personnel Number 20220152984 had a mortgage loan of Kshs.2,600,000 approved as per conditional offer of mortgage facility dated 7 December, 2022. The Member paid a deposit of Kshs.300,000 towards the purchase price of Kshs.2,600,000 in reference to sale agreement dated 18 November, 2022 leaving a balance of Kshs.2,300,000 to be paid by the Fund. However, the Fund disbursed a sum of Kshs.2,400,000 resulting to an unexplained additional disbursement of Kshs.100,000 contrary to sale agreement. Further, the mortgage facility was not supported by a mortgage protection policy.

This was contrary to Regulation 16(1) of the Public Finance Management (Kiambu County Assembly Car Loan Scheme Fund) Regulation, 2014 which provides that a member of the Scheme shall take a comprehensive insurance cover for the vehicle purchased through a loan from the Fund with a reputable insurance company.

Further, the Management was contrary to Regulation 12(2) which states that the log book of a vehicle subject to a loan from the Fund shall be kept in the custody of the officer administering the Fund until the loan is repaid in full and Regulation 20(1) of the Public Finance Management (Kiambu County Assembly Mortgage Scheme Fund) Regulations, 2014 which provided that a person granted a loan shall take and maintain a mortgage protection policy and a fire policy for the property with a reputable insurance firm.

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

4. Inconsistencies in Administration of Mortgage Scheme Fund

The statement of financial position reflects a balance of Kshs.289,726,079 relating to long-term receivables from exchange transactions as disclosed in Note 7 to the financial

statements. Audit of the process, records and administration of the mortgage scheme fund in the County Assembly of Kiambu established the following anomalies;

- i. Hon. Member Personnel Number 20220146276 was advanced a loan of Kshs.5,000,000, which was disbursed in three tranches of Kshs.2,000,000, Kshs.2,500,000 and Kshs.500,000 as per her loan amortization schedule provided. Examination of the record revealed that;
 - a. The offer filed in the Members records was of Kshs.3,000,000 mortgage loan payable within 52 months which was approved on 5 December, 2022. In the circumstances, it was not possible to establish how the additional Kshs.2,000,000 was advanced to the Member as there were no records of application and approval provided for the audit.
 - b. There was no evidence that the Hon. Member filed with the administrator a mortgage protection policy and a fire policy from reputable insurance firm for the property.
- ii. Hon Member Personnel Number 20220147206 was advanced a loan of Kshs.5,000,000. The loan was disbursed in two tranches of Kshs.2,000,000 and Kshs.3,000,000 vide offer letters dated 3 March, 2023 and 12 April, 2022 respectively as per her loan amortization schedule provided. Examination of the record revealed that;
 - a. The offer letter did not include details of amount or the repayment period.
 - b. The chairperson and the fund administrator of the Fund had not signed the form for the Kshs.2,000,000.
 - c. There was no evidence that the Hon. Member filed with the administrator a mortgage protection policy and a fire policy from reputable insurance firm for the property.
 - d. The loan application form was also incomplete on the Hon. Member employment details and particulars of property's financial appraisal.
- iii. Hon Member Personnel Number 20220195437 applied for a loan of Kshs.20,000,000 via application dated 6 July, 2023. Examination of the Hon Member mortgage records revealed that;
 - a. The offer letter to the Hon. Member for the amount approved by the mortgage scheme fund committee was not availed for audit review.
 - b. The insurance policy 025/GSC/0012959/000121 filed for the property acquired by the Hon. Member from ICEA expired on 19 February, 2024.
 - c. The loan repayment period was sixty (60) months. This would mean that the loan would not be fully repaid within the speaker's term contrary to Regulation 17(1) of the County Government of Kiambu Public Finance Management Act (No. 18 Of 2012) Regulations which requires that A loan granted to a member

of the County Assembly shall be fully repaid at the end of the term of the Assembly provided that the repayment period of the loan shall not exceed the last three months of the term of the Member of the County Assembly.

- d. The loan application form was also incomplete of the particulars of property.
- iv. Hon Member Personnel Number 20170077077 applied and was offered a loan of Kshs.2,000,000 vide a letter dated 24 April, 2023. Examination of the Hon Member mortgage records revealed that, the offer letter did not include details of amount or the repayment period and there was no evidence that the Hon. Member filed with the administrator a mortgage protection policy and a fire policy from reputable insurance firm for the property.
- v. Hon member Personnel Number 20220146983 was advanced Kshs.2,000,000 payable in thirty-nine (39) months. However, it was noted that the Member did not sign the offer letter. Further, no application was provided for audit review to show what the loans were applied for and if approved by the loans committee. In addition, there was no evidence that the Hon. Member filed with the administrator a mortgage protection policy and a fire policy from reputable insurance firm for the property.

This was contrary to the County Government of Kiambu Public Finance Management (No. 18 of 2012) Regulations which requires that; Regulation 20: A person granted a loan shall take and maintain a mortgage protection policy and a fire policy for the property with a reputable insurance firm.

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

5. Unapproved Loan Application Form

Hon. Member of P/ No. 20220147183 was granted a loan of Kshs.5,000,000. However, it was noted that the County Assembly of Kiambu MCA mortgage application form of Kshs.2,000,000 was not dully filled and signed by the fund accountant and officer/secretary administering the fund. Further, the County Assembly of Kiambu MCA mortgage from clerk reference No CAK/2/2/vol1(115) dated 14 December, 2022 for disbursement of mortgage loan of Kshs.3,000,000 was not signed by the fund administrator and chairperson, loans management committee. In the circumstances it was not possible to ascertain the completeness or authenticity of the Kshs.5,000,000 loan advanced.

This was contrary to the Kiambu County Assembly (Mortgage Scheme Fund) Regulations (11) on application for a loan which provides that a person shall apply a loan to the officer administering the Fund.

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

6. Unsigned Loan Approvals

Review of documents on car loan scheme fund revealed that;

- i. Hon. Member of Personnel No 20220147214 was granted a car loan of Kshs.5,000,000. However, it was noted the application form of Kshs.3,000,000 was not dully filled and signed by the fund accountant and secretary/officer administering the Fund. Further, the approved disbursed car loan of Kshs.3,000,000 reference No: CAK/2/2/2vol 1(93) dated 2 December, 2022 was also not signed by the Speaker, chairperson, and Loans Management Committee.
- ii. Hon. Member Personnel Number 20220152691 was granted a car loan of Kshs.3,000,000. However, it was noted the application form of Kshs.3,000,000 was not dully filled and signed by the fund accountant and secretary/officer administering the Fund. Further, the approved disbursed car loan of Kshs.3,000,000 reference No: CAK/2/2/2vol 1(118) dated 19 December, 2022 was not signed by the Speaker, Chairperson, Loans Management Committee.
- iii. Hon. member of Personnel Number 20220152683 had documents that were not dully signed and approved. The car loan application form dated 18 April, 2023 and 25 January, 2023 was not dully filled and signed by the Fund Accountant and the Officer Administering the Fund of Kshs.2,000,000 and Kshs.3,000,000 respectively. Further, disbursement of car loan of Kshs.3,000,000 Ref:CAK/2/2/2vol1 dated 1 February, 2023 was also not signed by the Clerk and the Chairperson of Loans Management Committee.

This was contrary to Regulation 8(1) of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that the Functions of the Committee shall be; a) Receive and analyze reports from the Officer administering the Fund. b) Approve loan application forms. c) Advice on any additional funds that may be required for the fund and d) Prescribe any security for the loan.

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

7. Lack of Valid Insurance Policies for Car Loan

Review of the motor vehicle records under the custody of the Fund administrator established that a sample of the insurance policies filed in support of car loans granted were expired while others had not been filed with the Fund administrator as shown in **Appendix 2**. No explanation was provided for the advanced loans without valid Insurance Policies. This was contrary to Regulation 16 of the Public Finance Management (Kiambu County Assembly Car Loan Scheme Fund) which requires that a Member of the Scheme shall take a comprehensive insurance cover for the vehicle purchased through a loan from the Fund with a reputable insurance company.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

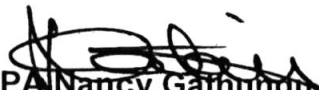
Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

Appendices

Appendix 1 - Issue of Loans with Incomplete and no Application Details

Personnel Number	Member Name	Loan Amount Disbursed (Kshs)	Remarks
20220157552	Hon. Member	2,000,000	Mortgage has no application form.
20220147230	Hon. Member	2,000,000	Mortgage has no application form.
20220150835	Hon. Member	5,000,000	Car loan - incomplete application form as it did not have the amount applied for and required by the borrower. Further, the application form passed the financial appraisal, but was not signed by the Car Loan Scheme Fund Committee.
20130009773	Hon. Member	3,000,000	Incomplete mortgage application form - not signed by the financial appraiser and Mortgage Scheme Fund Committee approving the Mortgage.

Appendix 2 - Lack of Valid Insurance Policies for Car Loan

Personnel Number	Name of Member	Loan Amount (Kshs)
20220147159	Hon. Member	5,000,000
20220147117	Hon. Member	4,500,000
20220152714	Hon. Member	2,000,00
20220147094	Hon. Member	1,000,000
20220146438	Hon. Member	2,000,00
20220147214	Hon. Member	5,000,000
20220147222	Hon. Member	1,980,000
20220154091	Hon. Member	5,000,000

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

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfer from the County Government		25,000,000	0
Revenue From Exchange Transactions			
Interest Income	1	9,278,885	4,415,126
		34,278,885	4,415,126
Total Revenue		34,278,885	4,415,126
Expenses			
Use of goods and services	2	(9,982,091)	(3,188,185)
Fringe Benefit Tax	11	0	(9,396,511)
Employee Cost		0	0
Depreciation and Amortization Expenses		0	0
Finance Cost		0	0
Total Expenses		(9,982,091)	(12,584,696)
Surplus/(Deficit) for the Period		24,296,794	(8,169,570)

(The notes set out on pages 18 to 30 form an integral part of these Financial Statements)

.....
Name: John Mwivithi Mutie
Administrator of the Fund

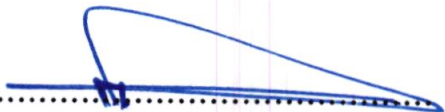
.....
Name: Sarah Nkatha Kiruki
Fund Accountant
ICPAK Member Number:6244

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

14. Statement of Financial Position as at 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	38,730,912	261,297
Prepayments	5	0	0
Other Receivables from exchange transactions	6	724,552	767,008
Total current assets		39,455,465	1,028,305
Non-Current Assets			
long term receivables from exchange transactions	7	289,726,079	306,708,789
Total non- current assets		289,726,079	306,708,789
Total Assets (A)		329,181,544	307,737,096
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	8	3,371,648	6,223,993
Total current liabilities		3,371,648	6,223,993
Total Liabilities (B)		3,371,648	6,223,993
Net Assets (A-B)		325,809,897	301,513,103
Represented by:			
Revolving Fund		309,682,653	309,682,653
Reserves		0	0
Accumulated Surplus/Deficit		16,127,244	(8,169,550)
Net Assets		325,809,897	301,513,103

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 14/11/2024 and signed by:



Name: John Mwivithi Mutie
 Administrator of the Fund



Name: Sarah Nkatha Kiruki
 Fund Accountant
 ICPAK Member Number:6244

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

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

Description	Revolving Fund	Revaluation reserve	Accumulated surplus/Deficit	Total
			Kshs	Kshs
Balance As At 1 July (2022)	243,255,053	0	19,236,977	262,492,030
Surplus/(Deficit) For the Period	0	0	(8,169,570)	(8,169,570)
Funds Received During the Year	49,000,000	0	0	49,000,000
Prior year adjustments	(1,809,357)	0	0	(1,809,357)
Transfers	19,236,957	0	(19,236,957)	0
Balance As At 30 June (2023)	309,682,653	0	(8,169,550)	301,513,103
Balance As At 1 July (2023)	309,682,653	0	(8,169,550)	301,513,103
Surplus/(Deficit) For the Period	0	0	24,296,794	24,296,794
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June (2024)	309,682,653	0	16,127,244	325,809,897

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

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		25,000,000	0
Interest received		9,321,341	3,648,118
Other Receipts	6(a)	0	10,002,000
Total receipts		34,321,341	13,650,118
Payments			
Use of Goods (Bank charges)		(38,058)	(337,840)
Grants		0	0
Fringe Benefit Tax		(12,794,378))	(9,396,511)
Other payments	6(a)	(2,000)	0
Total payments		(12,834,436)	(9,734,351)
Net cash flows from operating activities	9	21,486,905	3,915,767
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible Assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		85,502,710	28,549,936
Loan disbursements paid out		(68,520,000)	(335,200,000)
Net cash flows used in investing activities		16,982,710	(306,650,064)
Cash flows from financing activities			
Members transport facilitation fee		0	0
Other payments		0	0
Other receipts -Tax deposit by the Assembly as car grant		0	3,224,970
Other payments-Tax payments by the Assembly to Kenya Revenue Authority		0	(3,774,020)
Fund receipts from County Treasury		0	49,000,000

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

Other receipts-Family bank		0	3,245,834
Repayments of borrowings		0	0
Net cash flows used in financing activities		0	51,696,783
Net increase/(decrease) in cash & cash Equivalents		38,469,615	(251,037,514)
Cash and cash equivalents at 1 July		261,297	251,298,811
Cash and cash equivalents at 30 June		38,730,912	261,297

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

17. Statement of Comparison of Budget and Actual Amounts for the Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	0	0	0	0	0
Transfers From County Govt.	25,000,000	0	25,000,000	25,000,000	0	100%
Interest Income	9,278,885	0	9,278,885	9,278,885	0	100%
Total Income	34,278,885	0	34,278,885	34,278,885	0	100%
Expenses						
Fund Administration Expenses	0	0	0	0	0	0
General Expenses	0	0	0	0	0	0
Use of goods	(9,982,091)	0	(9,982,091)	(9,982,091)	0	100%
Fringe Benefit Tax	0	0	0	0	0	0
Total Expenditure	(9,982,091)	0	(9,982,091)	(9,982,091)	0	100%
Surplus For the Period	24,296,794	0	24,296,794	24,296,794	0	100%

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

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

County Assembly staff loan scheme Funds entity is established by and derives its authority and accountability from County Assembly staff loan scheme Funds Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity’s principal activity is disburse Mortgage funds to the Assembly Staff.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

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

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

Discontinued Operations	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

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

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024 was approved by the County Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2024 budget following the governing body's approval.

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.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

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

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out .

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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

Summary of Significant Accounting Policies (Continued)

g) 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.

h) 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.*

i) 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.

j) 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.

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The 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.

n) Cash and cash equivalents

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

o) Comparative figures

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

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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

6. Notes To the Financial Statements Continued

1. Interest income

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Income from Mortgage Loans	6,634,244	3,097,627
Interest Income from Car Loans	2,644,640	1,317,499
Totals	9,278,885	4,415,126

1. (a) Interest income analysis as used in cashflows

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance brought forward	767,008	
Interest income from mortgage and car loan charged for the year	9,278,885	4,415,126
Interest received in Cash	(9,321,341)	(3,648,118)
Totals	724,552	767,008

2. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Bank Charges	38,058	104,240
Committee Sitting Allowances	0	233,600
Others -Fringe Benefit Tax for members up to 30 June 2024	9,944,033	2,850,345
Totals	9,982,091	3,188,185

3. Grant Expenses

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Grants	0	0
Total	0	0

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

4. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Kiambu County Car and Mortgage Loan Recovery Account -005000049017	36,384,347	238,021
Kiambu County Assembly Car and Mortgage - 005000047655	2,346,565	23,275
Total Cash and Cash Equivalents	38,730,912	261,297

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

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
Current Account			
Kiambu County Assembly Car and Loan mortgage loan recovery account, Family Bank, Thika Branch	005000049017	36,384,347	238,021
Kiambu County Assembly members Car Loan and Mortgage Scheme Fund	005000047655	2,346,565	23,275
Sub- Total		38,730,912	261,297
Grand Total		38,730,912	261,297

5.Prepayments

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Other prepayments	0	0
Total	0	0

6. Other Receivables from Exchange transactions

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Other prepayments /receivables from Exchange transitions	0	0
Other Receivables from Exchange transactions	724,552	767,008
Total	724,552	767,008

6. (a) Other Receipts /Other payments

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

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Cash received /transferred in the current year ending 30th June	0	(10,000,000)
Deposits -Cash deposited to Assembly accounts	0	(2,000)
Other payments-Cash deposited to Assembly accounts	2,000	0
Totals	2,000	(10,002,000)

6. Other Receivables from exchange transactions
(Analysis)

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Balance brought forward	767,008	0
Interest income from mortgage and car loan charged for the year	9,278,885	4,415,126
Interest received in Cash	(9,321,341)	(3,648,118)
Totals	724,552	767,008

7. Long term Receivables from exchange transactions

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Current receivables		
Balance brought forward	306,708,789	58,725
Current loan repayments due	68,520,000	335,200,000
Principle received in cash	(85,502,710)	(28,549,936)
Total	289,726,079	306,708,789

7.(a) Long term Receivables from exchange transactions - analysis

Description	2023/2024	2022/2023
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**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	FY	FY
	Kshs	Kshs
Non-Current receivable's		
Principle balance as at 1st July	306,708,788	0
Principle disbursed	68,520,000	335,200,000
Principle received in cash	(85,502,710)	(28,549,937)
Principle repayments	0	58,725
Total	289,726,079	306,708,788

7.(b) Long Receivables from exchange transactions- analysis

Description	2023/2024	2022/2023
		FY
		Kshs
Current receivables		
Other receivables from exchange transactions	724,552	767,008
Current loan due	0	0
Total Current Receivables	724,552	767,008
Non-Current receivables		
Long-Term receivables from exchange transactions	289,726,079	306,708,788
Total Non-Current Receivables	289,726,079	306,708,788

	Kshs	Kshs
	2023/2024	2022/2023
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	767,008	2,256
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	724,552	767,008
Current loan repayments due	0	
Current portion of long-term loans from previous years	306,708,789	88,011,496
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	289,726,079	306,708,788

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

8. Trade and other payables from exchange transactions

Description	2023/2024	2022/2023
	FY	FY
	Kshs	Kshs
Family bank erroneously credited the funds to the Assembly's disbursement Accounts (005000047655) The funds were meant for the County Government -Kiambu Executive	3,245,834	3,245,834
Deposits	0	2,000
Other payables	125,814	125,814
Other payables-Fringe Benefit Tax payable by Members (3rd Assembly)	0	2,850,345
Totals	3,371,648	6,223,993

9. Cash generated from operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	24,296,794	(8,169,570)
Adjusted For:		
Interest Income	0	(767,008)
Finance Cost Bank Charges	0	0
Grants (Non cash item)	0	0
Working Capital Adjustments		
Increase In Receivables	42,456	10,002,000
Increase In Payables	(2,852,345)	2,850,345
Net cashflow from operating activities	21,486,905	3,915,767

10. Fund receipts from County Treasury

Description	2023/2024	2022/2023
	Kshs	Kshs
Fund receipts from County Treasury	0	49,000,000
Totals	0	49,000,000

11 Fringe Benefit Tax

Description	2023/2024	2022/2023
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County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	Kshs	Kshs
Fringe Benefit Tax	0	9,396,511
Totals	0	9,396,511

Fringe Tax Benefit analysis's

Description	2023/2024	2022/2023
	Kshs	Kshs
Fringe Benefit Tax	9,944,033	0
Fringe Benefit Tax-Payments	2,850,345	0
Totals	12,794,378	0

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

Notes To The Financial Statements (Continued)

1. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Loan Management Committee.

b) Related party transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From Related Parties'	25,000,000	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs	Kshs
The loan Management Committee	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

Other Disclosures Continued

e) Due to related parties

Description	2023/2024	2022/2023
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

2. Contingent assets and contingent liabilities

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

Notes To The Financial Statements (Continued)

3. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	290,450,632	290,450,632	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Prepayments	0	0	0	0
Bank Balances	38,730,912	38,730,912	0	0
Total	329,181,544	329,181,544	0	0
At 30 June 2023			0	0
Receivables From Exchange Transactions	307,475,798	307,475,798	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	261,297	261,297	0	0
Total	307,737,095	307,737,095	0	0

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (2024)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (2023)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

Notes To The Financial Statements (Continued)

c) Market risk

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (2024)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(2024)			
Euro	10%	0	0
USD	10%	0	0
(2023)			
Euro	10%	0	0
USD	10%	0	0

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. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2021 – Kshs 0).

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	309,682,653	309,682,653
Accumulated surplus	16,127,244	(8,169,550)
Total funds	325,809,897	301,513,103
Total borrowings	0	0
Less: cash and bank balances	(38,730,912)	(261,297)
Net debt/(excess cash and cash equivalents)	(38,730,912)	(261,297)
Gearing	0	0

4. Events after the reporting period

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

5. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Act (County Assembly Staff Loan Scheme Fund) regulation 2018. Its ultimate parent is the County Government of Kiambu.

6. Currency

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

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

19. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRO/KCE/KCE-CLMSF/2022/2023/(19)	<p>Inaccuracies in the Financial Statements</p> <p>The statement of financial performance reflects use of goods and services of Kshs.3,188, 185 whereas the statement of cash flows reflects Kshs.337,840 resulting to unreconciled variance of Kshs.2,850,345. The statement of financial position reflects prepayments comparative balance of Nil which differed with the prior year audited balance of Kshs.10,000,000 resulting to unreconciled variance of Kshs.10,000,000. Similarly, the statement reflects other receivables from non-exchange transactions comparative balance of Kshs.10,000,000 which was not reflected in the prior year financial statements. The statement also reflects trade and other payables payable from exchange transactions comparative nil balance while Note 8 to the financial statements reflects a prior year balance of Kshs.674,864</p>	<p>The unreconciled differences are a result of restatements of our financial statements to correct prior year errors. This is in line with IPSAS 3, Accounting policies, Changes in Accounting Estimates and Errors.</p>	Resolved	

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

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)
	<p>resulting to unreconciled variance of Kshs674,864 The statement of changes in net assets reflects prior year adjustments of Kshs.1,809,357 which is not reflected in the statement of financial performance resulting to unreconciled variance of Kshs.1,809,357. The statement of changes in net assets reflects transfers of Kshs.19,236,957 whereas the statement of cash flows reflects other receipts of Kshs.10,002,000 resulting to unreconciled variance of Kshs.9,234,957. In addition, the statement of cash flows reflects grants expense comparative nil balance while Note 3 to the financial statements reflects a comparative amount of Kshs.4,000,000 resulting to unreconciled variance of Kshs.4,000,000</p>			
	<p>Irregular Issuance of Car Loan During the year under review, the Fund issued Kshs.3,000,000 to a Member of County Assembly who purchased a Public Service Vehicle (PSV) Minibus which was contrary to Regulation 11 of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that a loan obtained under these</p>	<p>The fund indeed issued Kshs.3,000.000 to Zachary Macharia who purchased a PSV Minibus. The Public Finance Management (Kiambu County Assembly Car Loan Scheme Fund)</p>	Resolved	

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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)
	<p>Regulations shall be used for the purchase of a motor vehicle for personal or official use by the applicant.</p> <p>Further, it was observed that two (2) Members of the County Assembly had two log books surrendered to the Assembly as security of loans of Kshs.5,000,000 and Kshs.4,000,000 issued respectively. It was not clear why the Members had given log books as the loans were to be given for purchase of vehicles and no other security was needed apart for the log book of the vehicle purchased. This was contrary to Regulation 12(2) of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that the log book of a vehicle subject to a loan from the Fund shall be kept in the custody of the officer administering the Fund until the Loan is repaid in full.</p>	<p>Regulation 2014 stipulates that a Car Loan should be utilized to procure a motor vehicle.</p> <p>The vehicle procured by the member is registered in their legal name. There is no specific provision that expressly prohibits the purchase of heavy commercial vehicles. Personal use may not necessarily be synonyms with private use which is often contrasted with commercial use in insurance matters.</p> <p>The member has submitted and jointly registered his logbook with the assembly therefore there is no likely loss to public funds.</p>		

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

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)
		<p>Ann Wachera and Joe Gichuhi had indeed two log books surrendered to the Assembly as security of the loans of Kshs.5,000,000 and Kshs.4,000,000 issued respectively. However, Ann Wachera withdrew one Logbook of registration number KCW 963N and utilized the Logbook of registration number KBW 579W as security to secure her loan that is awaiting collection of the charged logbook from NTSA. Joe Kigara withdrew one Logbook of registration number KCQ 027B and utilized Logbook of registration number KCJ</p>		

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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)
		372L as security for the loan issued to the Fund. Both withdrew one logbook and retained one which is sufficient security to cover the Assembly against loss of funds.		
	<p>Lack of Valid Insurance Policies for Car Loan</p> <p>During the year under review, it was noted that two (2) Members of the County Assembly did not have valid insurance policies for principal loan disbursed of Kshs.4,400,000. This was contrary to Regulation 16 of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that a member of the Scheme shall take a comprehensive insurance cover for the vehicle purchased through a loan from the Fund with a reputable insurance company</p>		Not resolved	Ongoing
	<p>Unsecured Loans</p> <p>Review of loan documents for Members issued with car loans totalling to Kshs.68,380,000 revealed</p>	It is true that some members with car loans totalling kshs 68,380,000, their logbooks	Resolved	

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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)
	<p>that the log books were not under the custody of the County Assembly as required by the regulations hence joint ownership of the motor vehicles could not be confirmed. This was contrary to Regulation 12(2) of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that the log book of a vehicle subject to a loan from the Fund shall be kept in the custody of the officer administering the Fund until the Loan is repaid in full.</p>	<p>were not in the custody of the County Assembly as required by the regulations. These members had secured their loans using Land. This is in line with gazette notice no. 10350 VOI.CXXV-NO177 dated August 9th, 2023, by the Salaries and Remuneration Commission. In the referred Gazette Notice, Section 2(h)(ii), under benefits for state office in the County Assembly, members of the County Assembly may access a maximum value of Kshs 5,000,000 loan for the purchase of a car or house.</p> <p>Arising from the above, some members</p>		

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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)
		who had initially used their logbooks as securities later requested for discharge of Logbooks and instead used the title deed that they utilized as security to cover the whole amount.		
	<p>Lack of Valid Insurance Policies for Mortgage Loans</p> <p>During the year under review it was observed that five (5) Members of the County Assembly did not have valid insurance policies for principal loan disbursed amounting to Kshs.16,500,000. This was contrary to Regulation 20(1) of the Kiambu County Assembly Mortgage Scheme Fund Regulations, 2014 which states that a person granted a loan shall take and maintain a mortgage protection policy and a fire policy for the property with a reputable insurance firm.</p>	It is true that 5 members of the County Assembly had expired insurance policy covers. The management will ensure the 5 members of the County Assembly renew their insurance policies to safeguard the Assembly against loss of funds.	Not Resolved	Ongoing
	Irregular Issuance of Mortgage Loans	i. It is true Lucy Wanjiru was awarded Kshs.2,000,000 by the	Resolved	

County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024

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)
	<p>Review of sampled mortgage documents provided for audit revealed the following anomalies relating to mortgages issued;</p> <p>i.A Member of the County Assembly was awarded a mortgage loan amount of Kshs.2,000,000. However, the file had two sale agreements, of Kshs.1,400,000 and Kshs.2,000,000 for the same property. Similarly, it was not clear on what basis the loans were awarded.</p> <p>ii.A Member of County Assembly was awarded a loan of Kshs.5,000,000 and had a charge of Kshs.5,000,000 against the loan but there was no valuation report of the charged asset.</p> <p>iii.A Member of the County Assembly was awarded an amount of Kshs.3,000,000 from the mortgage scheme, however the property was not a residential property</p>	<p>Assembly. Initially, she had two existing sale agreements of Kshs. 1,400,000 and Kshs.2,000,000 for the same property. However, she used the sale agreement of kshs 2,000,00 which was binding. The other sale agreement was withdrawn.</p> <p>ii.It is true Jeremiah Kiama was awarded Kshs 5,000,000 and had a charge of Kshs 5,000,000 against the loan but there was no valuation report of the charged Asset. However, the Assembly will engage the member and ensure the valuation report is attached.</p> <p>iii.It is true Lawrence</p>		

**County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2024**

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)
		Mwaura was awarded Kshs.3,000,000.00 from the scheme. The honourable member resides in the property as his residential home.		
	Lack of an Approved Budget for the Operations of the Members Car and Mortgage Scheme Fund	There was no approved budget for the operation of Kiambu County Assembly Car and Mortgage fund. In the Financial Year 2023/2024 the Assembly has ensured there is an approved budget for the operation of the Kiambu County Assembly Car and Mortgage Fund.	Resolved	

Fund Manager/Accounting Officer (Clerk, County Assembly of Kiambu)

Date.....14/11/2024.....

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

Annex II: Inter-Fund Confirmation Letter



Forty-one members of the County Assembly of Kiambu

1492-00900

The County Assembly Car Loan and Mortgage Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by County Assembly Car Loan and Mortgage Scheme Fund as at 30 th June 2024							
Name of the Beneficiaries	Date Disbursed	Amounts Disbursed by County Assembly Car Loan and Mortgage Scheme Fund (KShs) as at 30 th June 2024				Amount Received by the beneficiaries (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
John Kamande	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
Lawrence Mwaura	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
Patrick Mwangi	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
Winnie Wanjiru	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
David Mwaura	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
Charles Kangethe	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
Kennedy Obudho	12/7/2023	1,000,000	0	0	1,000,000	1,000,000	0
David Mwaura	19/07/2023	300,000	0	0	300,000	300,000	0
Jeremiah Kiama	21/08/2023	2,500,000	0	0	2,500,000	2,500,000	0

Kiambu County
County Assembly Car Loan and Mortgage Scheme Fund
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Kenneth Obudho	21/8/2023	1,000,000	0	0	1,000,000	1,000,000	0
Ann Wairimu	21/08/2023	1,000,000	0	0	1,000,000	1,000,000	0
David Mwaura	21/08/2023	700,000	0	0	700,000	700,000	0
Kenneth Karanja	21/08/2023	700,000	0	0	700,000	700,000	0
Samuel Mbeere	23/08/2023	1,000,000	0	0	1,000,000	1,000,000	0
Kimani Nduta	14/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Charles Kangethe	14/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Stephen Churu	14/09/2023	2,000,000	0	0	2,000,000	2,000,000	0
Nelson Munga	14/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Patrick Mwiberi	14/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Celestine Ngure	14/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Charles Thiongo	27/09/2023	7,000,000	0	0	7,000,000	7,000,000	0
Joe Kigara	27/9/2023	1,000,000	0	0	1,000,000	1,000,000	0
Waweru Kahura	27/9/2023	1,000,000	0	0	1,000,000	1,000,000	0
Zachariah Mbugua	27/9/2023	1,000,000	0	0	1,000,000	1,000,000	0
Pacifica Ongecha	27/9/2023	2,400,000	0	0	2,400,000	2,400,000	0
Hinga Grace	27/9/2023	2,000,000	0	0	2,000,000	2,000,000	0
Anne Wairimu	27/9/2023	2,000,000	0	0	2,000,000	2,000,000	0
Patrick Mwangi	27/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Winnie Wambui	27/09/2023	1,000,000	0	0	1,000,000	1,000,000	0
Jeremiah Kiama	27/09/2023	2,500,000	0	0	2,500,000	2,500,000	0
Kenneth Kamau	27/09/2023	1,300,000	0	0	1,300,000	1,300,000	0
David Chogi	27/09/2023	1,020,000	0	0	1,020,000	1,020,000	0
Ann Njoroge	25/10/2023	1,000,000	0	0	1,000,000	1,000,000	0
Sinnie Brian	25/10/2023	2,000,000	0	0	2,000,000	2,000,000	0
Beth Wanjiku	25/10/2023	500,000	0	0	500,000	500,000	0
Charles Thiongo	25/10/2023	2,000,000	0	0	2,000,000	2,000,000	0
Hezron Gachui	25/10/2023	1,000,000	0	0	1,000,000	1,000,000	0
Francis Koina	29/11/2023	3,000,000	0	0	3,000,000	3,000,000	0

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Wanyutu Waweru	18/01/2024	4,600,000	0	0	4,600,000	4,600,000	0
Fr,George Njoroge	19/01/2024	2,000,000	0	0	2,000,000	2,000,000	0
Thiongo Charles	1/2/2024	8,000,000	0	0	8,000,000	8,000,000	0
Totals		<u>68,520,000</u>	<u>0</u>	<u>0</u>	<u>68,520,000</u>	<u>68,520,000</u>	<u>0</u>

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

Head of Accountants department of beneficiary Fund:

Name Sarah Kimuki Sign  Date 14/11/2024

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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