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REPORT

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THE AUDITOR-GENERAL

ON

NYANDARUA COUNTY ASSEMBLY (STAFF) CAR LOAN AND MORTGAGE SCHEME FUND

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

PAPERS LAID	
DATE	7/3/24
TABLED BY	S.M.C.
COMMITTEE	
CLERK AT THE TABLE	Chief



REPUBLIC OF KENYA



REPUBLIC OF KENYA
NYANDARUA COUNTY ASSEMBLY
OFFICE OF THE CLERK

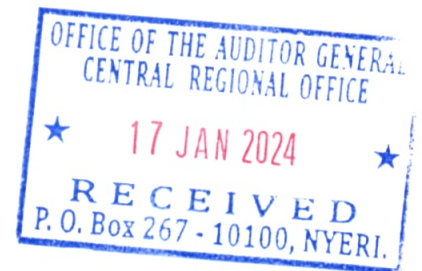
NYANDARUA COUNTY ASSEMBLY

STAFF CAR LOAN AND MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2023



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



*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023*

Table of Content

1.	Key Entity Information and Management	iii
2.	The Board of Trustees	vi
3.	Management Team	x
4.	Board/Fund Chairperson's Report	xi
5.	Statement of Performance Against the County Fund's Predetermined Objectives	xv
6.	Report of the Fund Administrator	xvi
7.	Corporate Governance Statement	xviii
8.	Management Discussion and Analysis	xxii
9.	Environmental and Sustainability Reporting	xxiv
10.	Report of The Trustees	xxiv
11.	Statement of Management's Responsibilities	xxv
12.	Report of The Independent Auditor	xxvi
13.	Statement of Financial Performance for the Year Ended 30th June 2023	1
14.	Statement of Financial Position as at 30 th June 2023	2
15.	Statement of Changes in Net Assets for the Year Ended 30 th June 2023	3
16.	Statement of Cash Flows for the year ended 30 June 2023	4
17.	Statement Of Comparison of Budget and Actual Amounts for the Year Ended 30 th June 2023	5
18.	Significant Accounting Policies	6
19.	Notes to the Financial Statements	20
20.	Progress on Follow up of Auditor Recommendations	24

1. Key Entity Information and Management

a) Background information

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

For proper management of the fund and as advised by the SRC in the circular under the reference, Nyandarua County Assembly Staff Car loan and Mortgage Fund adopted the PFM regulations of 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Assembly Service Board appointed a banking institution to manage the fund.

Nyandarua County Assembly Staff Car loan and Mortgage Fund was incorporated/ established under the PFM Act on 30th April 2016 and it's regulated by Nyandarua County Assembly Car loan and Mortgage regulations and Salaries and Remuneration Commission circulars. The Fund is wholly owned by the County Assembly of Nyandarua and is domiciled in Kenya.

The fund has been internally administered in the County Assembly under the leadership of the clerk who doubles as the fund administrator.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising therefrom, the County Assembly Service Board approved and adopted the Staff Loans Policy Paper on 17th March 2015

The fund is wholly owned by the County Assembly of Nyandarua and is domiciled in Kenya.

b) Principal Activities

The principal activities of Nyandarua County Assembly Staff Car loan and Mortgage Fund is to grant car loans and Mortgages to the civil servants employed by the County Assembly of Nyandarua at a rate prescribed by the Salaries and Remuneration commission.

Vision

“The fund of choice for staff.”

Mission

“To provide affordable, accessible and sustainable mortgage and car loans to staff.”

Core Values

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

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon Stephen Wachira Waiganjo	Chairperson
2	Ms Emma Mwihaki Kibiro	Vice Chairperson
3	Mr Charles Wahinya Wambui	Member
4	Mr John Kabue Kahinga	Member
5	Mr Moses Kinyua Mbuthia	Member
6	Mr Gideon Mukiri Muchiri	Fund Administrator

d) Technical Committee

Ref	Name	Position
1	Mr. Gideon Mukiri Muchiri	County Assembly Clerk
2	Mr. Charles Wahinya Wambui	Director Finance and Accounting
3	Mr. Dominic Chege Wacera	Senior Accountant
4	Ms. Leah Njoki Wanjiku	Senior Human Resource Officer
5	Mr. George Kamunya Wang'ombe	Senior Clerk Assistant

e) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Gideon Mukiri Muchiri
2	Fund Accountant	Dominic Chege Wacera

f) Registered Offices

P.O. Box 720-20303
Assembly Chambers Building
Ol'Kalou- Nairobi Highway
Ol'Kalou, Kenya

g) Fund Contacts

Telephone: (254) 743-079333
E-mail: clerk@assembly.nyandarua.go.ke
Website: www.nyandaruaassembly.go.ke

h) Fund Bankers

Equity Bank Limited
Ol'Kalou Branch
P.O. Box 215-20303
Ol'Kalou-Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

The County Attorney
County Government of Nyandarua
P.O. Box 721-20303
Ol'Kalou, Kenya

2. The Board of Trustees

The board of trustees during the financial year consisted of:



Hon Stephen Wachira Waiganjo – Chair – Board of Trustees

Hon. Stephen Wachira Waiganjo holds the position of Speaker at Nyandarua County Assembly since 23rd September 2022.

In addition to presiding over Assembly proceedings, he serves as the Chairperson of the County Assembly Service Board.

Prior to assuming his role at the Assembly, he was a managing partner at Wachira Waiganjo & Company Advocates, a testament to his astute legal expertise and proficiency.

Preceding this, he served as a Senior Legal Researcher at Kithure Kindiki and Company Advocates, further enhancing his extensive legal background.

Hon. Waiganjo holds a Bachelor of Laws degree from the University of Nairobi, a Diploma in Law from the Kenya School of Law, and a Certificate in Computer Science and Information Technology.



Emma Mwhaki Kibiro- Vice Chairperson

Ms. Emma Mwhaki Kibiro is a member of the Nyandarua County Assembly Service Board (CASB), inaugurated on 23rd November 2022. The CASB is charged with directing and overseeing the administration of various services within the Assembly, among other significant responsibilities.

Ms. Emma is a seasoned scientific researcher, possessing a wealth of experience in her field. Her core competencies lie in data management and presentation, proposal development, and expert scientific research consultancy.

Before assuming her role on the CASB, she served as a Research Officer at Nyandarua County Assembly. Prior to this, she served as an expert reviewer at Vick Agricare, and held the position of Research Scientist at the National Museums of Kenya.

She holds a Master of Science in Mycology from the University of Eldoret and a Bachelor of Science in Microbiology from Moi University.

She is currently pursuing a Bachelor of Laws degree at Mount Kenya University and a Doctor of Philosophy (PhD) in Plant Pathology from University of Eldoret.



Charles Wahinya Wambui-Member

Mr. Wahinya holds the position of Director of Finance, Accounting, Budget, and Economic Planning.

With an impressive tenure of 25 years in the realm of Public Finance, he brings a wealth of experience and expertise to his role.

Mr. Wahinya holds a Bachelor of Commerce degree with a specialization in accounting. Moreover, he is a certified public accountant, duly recognized and accredited by the Institute of Certified Public Accountants of Kenya (ICPAK).




Mr. Moses Kinyua Mbuthia-Member

Mr. Kinyua currently serves as a Senior Legal Counsel at Nyandarua County Assembly, where he contributes his extensive legal expertise to the institution's operations.

A distinguished advocate, he is duly recognized by the High Court of Kenya and is an esteemed member of the Law Society of Kenya (LSK).

Mr. Kinyua holds a Bachelor of Laws Degree (LLB) from Moi University.

	<p>Additionally, he holds a post-graduate diploma from the Kenya School of Law (KSL).</p>
 A portrait photograph of Mr. John Kabue Kahinga, a man with short dark hair, wearing a dark suit jacket, a white shirt, and a dark tie. He is looking directly at the camera against a plain, light-colored background.	<p><u>Mr. John Kabue Kahinga-Member</u> Mr. Kahinga serves as a Senior Legal Counsel at Nyandarua County Assembly.</p> <p>He is an advocate of the High Court of Kenya and a member of the Law Society of Kenya (LSK).</p> <p>He holds a Bachelor of Laws Degree (LLB) from the University of Nairobi and a diploma from the Kenya School of Law (KSL).</p> <p>Mr. Kahinga is also a Certified Public Accountant (CPA).</p>

3. Management Team

The management during the financial year consisted of:



Gideon Mukiri Muchiri - Fund Administrator.

Mr. Mukiri serves as the Clerk to the County Assembly and previously held the position of Director of ICT and Corporate Communications. Mr. Mukiri is a computer programmer, system analyst, and software engineer.

He also holds a Bachelor of Science degree in Information Systems from Laikipia University and a Master's degree in Business Administration (MBA) with a specialization in strategic management.

Mr. Mukiri is a member of the Computer Society of Kenya (CSK) and an associate member of the Kenya Institute of Management (KIM).



Dominic Chege Wacera- Fund Accountant

Mr. Chege assumed the role of Fund Accountant on 5th October 2016. Since 2014, he has served as a Senior Accountant at Nyandarua County Assembly.

He holds a Bachelor of Arts degree in Economics from the University of Nairobi and a Master of Science in Finance (MSC Finance) from the same institution.

In addition, Mr. Chege is a Certified Public Accountant (CPA) with the distinguished (K) accreditation. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

4. Board/Fund Chairperson's Report

It is my privilege to formally present, on behalf of the esteemed Board of Trustees, the financial statements of the Nyandarua County Assembly Staff Car Loan and Mortgage Fund for the year ending 30th June 2023. These statements provide a comprehensive overview of the financial performance of the fund over the preceding year.

The establishment of the Nyandarua County Assembly Staff Car Loan & Mortgage Fund was duly sanctioned by the County Assembly in compliance with the Regulations of 2015 and in accordance with the provisions stipulated in the Public Finance Management Act of 2012.

Furthermore, it is worth noting that the fund's operations have been conducted in strict adherence to all relevant regulatory frameworks and compliance standards, demonstrating our unwavering commitment to transparency and accountability.

As we review these financial statements, it is with a shared sense of purpose and responsibility towards the financial well-being of our staff members. The data presented herein serves as a testament to our commitment to fiscal prudence and responsible stewardship of the fund's resources.

I express my deepest appreciation to all those who have played a role in upholding the integrity and effectiveness of the Nyandarua County Assembly Staff Car Loan and Mortgage Fund.

Sustainability

The primary focus of the Nyandarua County Assembly Staff Mortgage and Car Loan fund, along with its dedicated stakeholders, is to underscore the imperative of guaranteeing not only the sustainability of its investments but also fortifying its resource mobilization and financing capacities. This endeavor is fueled by a steadfast commitment to securing the fund's continued operational vitality.

In this vein, the fund has undertaken a comprehensive evaluation of the spectrum of available financing instruments, aiming to identify those that promise robust, long-term

sustainability. This rigorous assessment is geared towards fortifying the fund's financial resilience and ensuring its unwavering commitment to its stakeholders.

Furthermore, a scrutiny of the existing resource mobilization strategies has been conducted, paving the way for the proposition of viable and forward-looking financing alternatives. These proposed measures are poised to not only augment the fund's capacity for resource mobilization but also enhance its financial standing, thereby safeguarding its continued viability as a key financial entity within our esteemed organization.

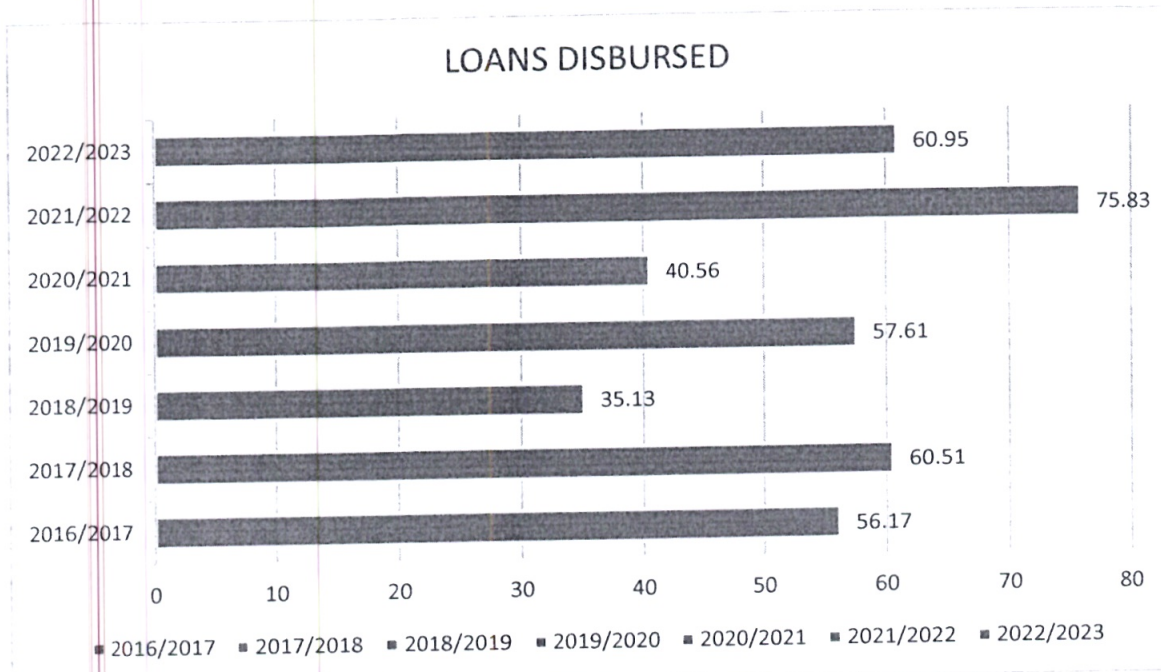
Review of performance

The Nyandarua County Assembly Staff Car Loan and Mortgage Fund commenced its operations with an initial capital injection from the County Assembly in the fiscal year 2015/16, totaling Kes. 20 million. This sum was designated to serve as the seed capital for the fund, operating on a revolving basis. Subsequently, the fund's capital base witnessed steady increase, with successive injections from the Assembly's budget, calculated based on projected credit needs, available funds, and beneficiary repayments.

Specifically, in the fiscal year 2016/2017, the fund experienced a notable expansion, accruing an additional Kes. 33,413,763. This growth trend continued, with the fund receiving an infusion of Kes. 47,301,000 in the fiscal year 2017/2018, followed by a further Kes. 20,000,000 in the fiscal year 2018/2019, Kes. 35,195,995 in the fiscal year 2019/2020, and Kes. 39,000,000 in the fiscal year 2020/2021.

Notably, the fund's momentum was sustained in the fiscal year 2021/2022, with a further increase of Kes. 40,000,000. The most recent fiscal year, 2022/2023, witnessed yet another substantial injection, amounting to Kes. 30,000,000. This strategic capital allocation approach has yielded a cumulative revolving fund value of Kes. 264,910,758 as of the reporting date, 30th June 2023. This fiscal prudence and astute capital management have been instrumental in enhancing the fund's financial stature and ensuring its continued effectiveness in serving the interests of its beneficiaries.

In the period under review, Nyandarua County Assembly Staff Car Loan and Mortgage Fund reported a 29.60% decrease in Loan portfolio from Kes. 75.83 Million in the FY 2021/2022 to Kes. 60.95 Million in the FY 2022/2023.



Future outlook

The anticipated trajectory for the Fund in the financial year 2022/2023 is marked by a promising outlook. There is a concerted effort towards establishing a resilient and sustainable financial entity, underpinned by a motivated and proficient workforce, as well as fortified operational structures designed to elevate service delivery efficiency and effectiveness.

Key focal points encompass the augmentation of internal capacities, the implementation of streamlined processes, and the cultivation of a culture of excellence. These initiatives collectively form the bedrock of the Fund's strategic approach, ensuring it remains adaptable and responsive to evolving financial dynamics.

Moreover, the Fund eagerly anticipates unwavering support from both the county government and the National Treasury. This collaborative endeavor is paramount in realizing the Fund's core mandate and propelling it towards greater heights of impact within

the Nyandarua County Assembly's financial ecosystem. Through sustained cooperation, the Fund is poised to make significant strides in fulfilling its mission and serving the interests of its stakeholders effectively.

Appreciation

I take this opportunity to extend my gratitude to all stakeholders, including the National Treasury, County Assembly, management, staff and fellow trustees, for their unwavering commitment and diligent oversight in managing the Nyandarua County Assembly Staff Car Loan and Mortgage Fund. Their collective efforts have been instrumental in ensuring the fund's prudent financial management and its continued contribution to the well-being of our esteemed staff.

I look forward to your continued support in the year 2023/2024.

Signed: _____



Hon Stephen Wachira Waiganjo
The Chairman
Nyandarua County Assembly Staff Car Loan and Mortgage Fund

5. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for the period 2022 - 2027 are to:

- a) *To institutionalize employee welfare and wellness support programme*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Institutional Capacity	To institutionalize employee welfare and wellness support	Available staff car loan and mortgage scheme	Budgetary allocation	In FY 22/23 the allocation for staff car loan and mortgage was Kes. 30M which was absorbed

6. Report of the Fund Administrator

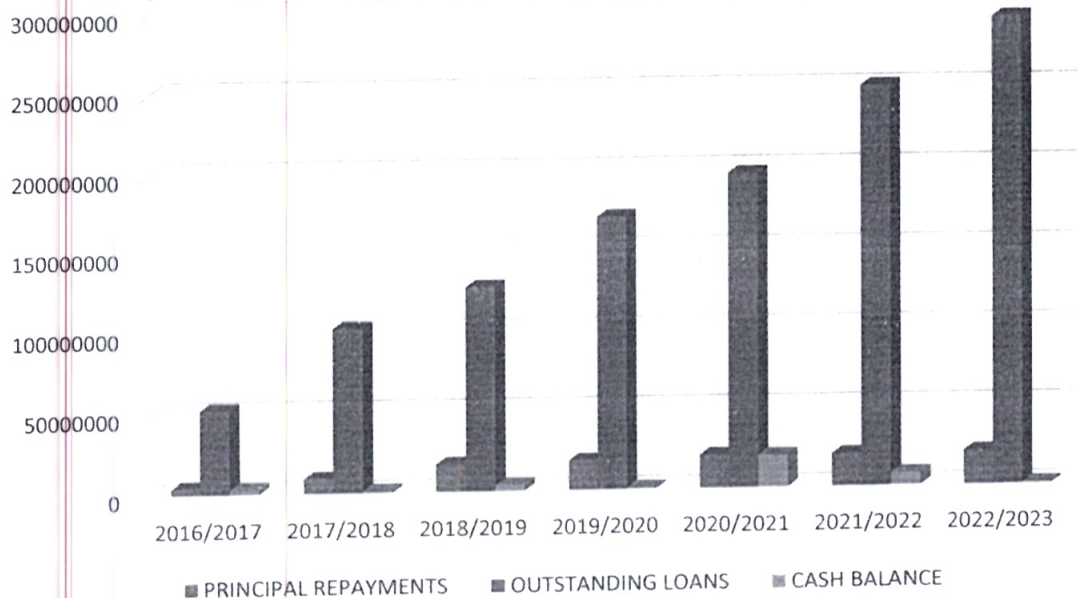
It is my pleasure to present the Nyandarua County Assembly Staff Car Loan and Mortgage fund's financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

Financial Performance

In the period under review, Kes. 30,000,000 was received as an appropriation from the annual budget of Nyandarua County Assembly. The revolving fund stood at Kes. 264,910,758 in the FY 2022/2023. In the period under review, the Management disbursed new loans valued at Kes. 60.95 million as compared to Kes. 75.83 Million in the previous year and consequently increasing the number of beneficiaries to ninety two.

Principal loan repayment from beneficiaries amounted to Kes. 21.562 million, while at the period end, the Fund had outstanding loans valued at Kes. 290.983 million and Kes. 3,026,998 cash balance.

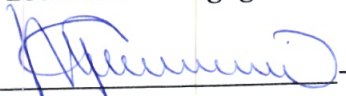
CAR LOAN AND MORTGAGE FUND ANALYSIS



The period was a good in general with no political wrangles. Good progress was made and the momentum has been created to enable the fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years. Finally, we are confident that the Fund will sustain the impressive performance to the future which is prerequisite in meeting its goals and objectives of providing affordable loan products to the staff

I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Nyandarua County Assembly Staff Car Loan and Mortgage fund achieves its mission.

Signed: _____



Gideon Mukiri Muchiri

Fund Administrator.

7. Corporate Governance Statement

THE BOARD

Nyandarua County Assembly Staff Car loan and Mortgage scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide mortgage and car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of trustees at its apex. The operations of the fund are governed by Public Finance Management regulations as well as Salaries and remuneration Commission. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE BOARD OF TRUSTEES

The trust deed of 2014 provides that the board of trustees shall be made up of five trustees, including the chairman, and shall consist of a chairperson and five other members identified for appointment through a competitive process. The board of trustees is responsible for the long-term strategic direction of the fund and recruitment of the Fund Administrator and senior management. The board of trustees exercise leadership, enterprise, integrity and judgment in directing the Fund.

The trustees are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the board of trustees is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for adequate services.

All members of the board of trustees have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The trustees are

professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties. At the end of each financial year, the board, its committees, individual trustees and the Fund Administrator are evaluated by an independent body against targets agreed to at the beginning of the year.

BOARD MEETINGS

The board of trustees meets monthly or as needs arises in order to monitor the implementation of the fund's strategic plan and achievement of the targets in the performance contract signed with the county assembly and consider loan applications. The board of trustees also plays an oversight role over all other financial and operational issues.

AUDIT AND RISK COMMITTEE

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the board of trustees has established an audit and risk committee. The committee was established to advice the board of trustees on institutional risk management and compliance. The committee held eight meetings and prepared several reports during the year. The committee also met the Fund's external auditors from the Office of the Auditor General to deliberate on risk management issues. The members of this committee during the year under review were:

S/No.	Name	Position in committee	Period Served
1	Joachim Githinji	Chairperson	1 st April 2020 to date
2	Mrs. Beth Wang'ombe	Vice Chairperson	2016-to date
3	Ms. Damaris Wanjiku	Member	1 st April 2020 to date
4	Mr. Charles Wahinya	Member	2016-to date
5	Mr. Charles Kimani	Secretary	2016-to date

STATEMENT OF COMPLIANCE

The board of trustees confirms that the fund has throughout the FY2020/2021 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance. External legal audit was conducted which confirmed that the institution had complied with all relevant laws, regulations and requirements.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The trustees are responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The fund has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the fund can meet its future management requirements.

Strategic Plan

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee. The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2022/2023.

Risk Management

The fund has in place a risk management framework which guides the fund in identifying, assessing and managing the risks. The fund has developed a risk register which documents and prescribes mitigating measures of all the risks both external and internal facing the fund. The risk management framework and register are regularly reviewed to incorporate any emerging issues in the operating environment. The risk management is coordinated by the head of internal audit, who reviews all the risks in the fund and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the audit and risk committee to assist the board in the management of risks.

Management Team

The management team headed by the Fund Administrator implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor: The fund is audited by the officers from the Office of the Auditor-General.

8. Management Discussion and Analysis

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

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 staff with an established credit history.

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

BUSINESS PERFORMANCE

Revenue

The fund earned revenues amounting to Kes. 8,177,156 from interest earned on loans disbursed.

Cash flow

The cash and cash equivalents stood at Kes. 3,026,998 as at 30th June 2023. There was significant cash inflow from collections from staff, insurance deducted and disbursements from the County Revenue Fund.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been the offering mortgage and car loans to members of staff. The County Assembly has supported the fund and increased collections from members of staff has also added to the fund's better performance.

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Through concerted team efforts by management and members of staff, the fund attained an overall performance contractual rating of "Very Good" as at the end of the financial year. In the same period, staff satisfaction index which measures staff perceptions improved from 76% in the previous year to 78% in the period.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

9. Environmental and Sustainability Reporting

Corporate social responsibility is an integral part of our culture. As a responsible organisation, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities around us.

During the period under review, the fund was not engaged in any corporate social responsibility activities

We are looking forward to getting involved more in these and other areas, and the management team has been tasked with coming up with more CSR ideas.

10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended 30th June 2023 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide financing to the members of staff to purchase cars for personal use and build or renovate residential houses.

Results

The results of the Fund for the year ended 30th June 2023 are set out on pages 11 to 28.


Trustees

The members of the Board of Trustees who served during the year are shown on page 4. There were changes in the Board during the period under review.

Auditors

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

By Order of the Board

Signed: 

Date: 29/09/2023

Stephen Wachira Waiganjo

Chairperson of the Board

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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

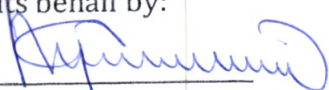
The Clerk of the County assembly who is the administrator of the Nyandarua Staff Car Loan and Mortgage Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial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

The Administrator of Nyandarua Staff Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 29/09/2023 and signed on its behalf by:



Administrator of the County Assembly Staff Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYANDARUA COUNTY ASSEMBLY (STAFF) CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyandarua County Assembly (Staff) Car Loan and Mortgage Scheme Fund set out on pages 1 to 24, which comprise

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

the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyandarua County Assembly (Staff) Car Loan and Mortgage Scheme Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (County Assembly Staff Car Loan and Mortgage Scheme Fund) Regulations, 2021.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Changes in Net Assets and Statement of Financial Position

The statement of changes in net assets reflects opening total balance of Kshs.13,742,121 which differs with the re-computed and prior year audited balance of Kshs.15,105,346 resulting to an un-explained and unreconciled variance of Kshs.1,363,225. This error had a multiplier effect on the final accumulated surplus balance of Kshs.19,283,267 which was under stated by Kshs.1,363,225. Additionally, the error was taken to the statement of financial position which reflected the accumulated surplus balance as Kshs.19,283,267 instead of Kshs.20,646,492. Further the statement of changes in net assets indicates opening balance as at 30 July, 2022 instead of 1 July, 2022.

In the circumstances, the accuracy and completeness of the statement of changes in net assets and statement of financial position balances could not be confirmed.

2. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects a total final income budget of Kshs.90,415,758 which is at variance with the re-computed balance of Kshs.78,415,758 by Kshs.12,000,000. In addition, included in final budget of Kshs.90,415,758 is cash at bank balance of Kshs.7,583,514, exchequer receipts of Kshs.30,000,000 and projected repayments of Kshs.32,500,000. However, these balances were not supported by approved budget and workplans.

Further, the statement reflects original budgeted expenditure total of Kshs.84,415,758 which is at variance with the recomputed balance of Kshs.84,459,748 by Kshs.43,990. The variances have not been explained or reconciled.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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

Basis for Conclusion

1. Non-Remittance of Premiums for Policy Holders

The Fund issued mortgage loans to twenty-four (24) staff members at a cost of Kshs.62,329,745. A total of Kshs.4,127,923 was deducted from the staff members as insurance policy premium for the loans issued. However, this premium was not remitted to the insurance company. This is contrary to Article 13 of a local Insurance Company's policy on insurance cover which states that this policy is conditional upon and will only come into effect following payment of premium due for each customer by the policy holder.

In the circumstances, Management was in breach of the insurance policy.

2. Doubtful Expenditure on Loans Disbursed to the Staff Members

The Fund issued mortgage loans to twenty-four (24) staff members at a cost of Kshs.62,329,745. However, review of the Fund's bank statements revealed that an amount of Ksh.46,008,346 was disbursed leading to unexplained variance of Kshs.16,321,399.

Further the following anomalies were noted.

- i. Two (2) staff members received Kshs.1,030,040 and Kshs.1,201,486 respectively. However, they were included in the schedule but not in the bank statement thus overstating the balance in the schedule by Kshs.2,223,526.

- ii. One (1) staff member was awarded Kshs. 1,964,341 However, the amount was not included in the schedule provided for audit.

In the circumstances, value for money may not have been realized on the disbursed amounts.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Develop a Risk and Fire Management Strategy

As reported in the previous year, the Fund has not developed a risk and fire management strategy. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that (a) the County Government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the County Government entity develops a system of risk management and internal control that builds robust business operations. Failure to develop a risk management strategy may impair the effectiveness in managing a robust business operation of the Fund.

In the circumstances, the effectiveness of the internal controls mechanism to handle risks could not be confirmed.

2. Lack of a Finance and Accounting Policy Manual

Review of the Fund's records revealed that it has not developed its own finance and accounting manual among other policy manuals or adopted the County Assembly's one to guide Management in processing financial transactions. This is contrary to Section 149 (2)(e) of The Public Finance Management Act, 2012 which states that an Accounting Officer for a County Government entity is accountable to the County Assembly for ensuring that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods, adequate arrangements are made for their custody, safeguarding and maintenance'.

In the circumstances, the effectiveness of the accounting and financial system could not be confirmed.

3. Lack of an Information, Communication and Technology (ICT) Policy

Review of the Fund's ICT environment revealed that there was no approved ICT policy in place during the year under review, which includes data security policy, and disaster recovery plans. Further, the Fund's ICT structure was not provided for audit review. In addition, the Fund did not have an Information Technology (IT) steering committee for ensuring effective IT controls and strategies. There is no evidence that the Fund adopted the County Assembly's ICT policies and strategies.

In the circumstances, the effectiveness of the ICT controls could not be confirmed.

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 Management and the Board of Trustees

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 to sustain services, disclosing, as applicable, matters related to sustainability of services and using the basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

The Board of Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

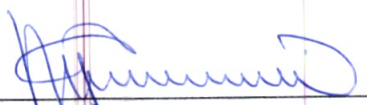
Nairobi

20 February, 2024

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

	Note	2023	2022
		Kes.	Kes.
Revenue from exchange transactions			
Interest income	1	8,177,156	6,490,835
Other income		-	-
Total revenue		8,177,156	6,490,835
Expenses			
Fund administration expenses	2	2,530,000	2,368,200
Staff Costs		-	-
General expenses – Bursary awards		-	-
Finance costs/bank Charges	3	106,010	13,690
Total expenses		2,636,010	2,381,890
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		5,541,146	4,108,945

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 29/09/2023 and signed by:



Administrator of the Fund
Gideon Mukiri Muchiri

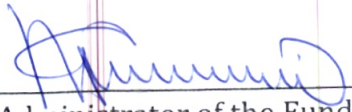


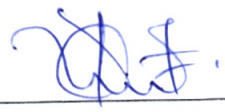
Fund Accountant
Dominic Chege Wacera
ICPAK Member Number: 15593

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

	Note	2023 Kes.	2022 Kes.
Assets			
Current assets			
Cash and cash equivalents	4	3,026,998	7,583,584
Current year Accrued Repayments	17	873,996	96,863
Overpaid loans	6	197,793	769,138
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Long term receivables from exchange transactions	7	290,983,883	251,503,399
Total assets		295,082,670	259,952,984
Liabilities			
Current liabilities			
Trade Payables-Accrued Insurance	8	10,428,508	6,726,998
Provisions		-	-
Current portion of borrowings-Loan Owings	9	460,137	3,209,882
Total Liabilities		10,888,645	9,936,880
Net assets			
Revolving Fund	13	264,910,758	234,910,758
Reserves		-	-
Accumulated surplus	14	19,283,267	15,105,346
Total net assets and liabilities		295,082,670	259,952,984

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 29/09/2023 and signed by:

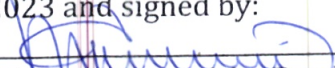

Administrator of the Fund
Gideon Mukiri Muchiri

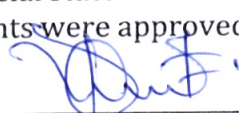

Fund Accountant
Dominic Chege Wacera
ICPAK Member Number: 15593

15. Statement of Changes in Net Assets for the Year Ended 30th June 2023

Description	Revolving Fund	Accumulated surplus (Restated)	Total
	Kes.	Kes.	Kes.
Balance as at 1 July 2020	155,910,758	7,742,522	163,653,280
Surplus/(deficit) for the period	-	3,253,878	3,253,878
Funds received during the year	39,000,000	-	39,000,000
Balance as at 30 June 2021	194,910,758	10,996,401	205,907,158
Balance as at 30 th July 2021	194,910,758	10,996,401	205,907,158
Surplus/Deficit for the period		4,108,945	4,108,945
Funds Received During the Year	40,000,000		40,000,000
Balance as at 30 June 2022	234,910,758	15,105,346	250,016,103
Balance as at 30 th July 2022	234,910,758	13,742,121	250,016,103
Surplus/Deficit for the period		5,541,146	5,541,146
Funds Received During the Year	30,000,000		30,000,000
Balance as at 30 June 2023	264,910,758	19,283,267	284,194,025

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 29/09/2023 and signed by:



Administrator of the Fund
Gideon Mukiri Muchiri

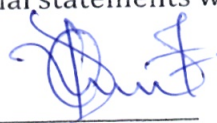

Fund Accountant
Dominic Chege Wacera
ICPAK Member Number: 15593

16. Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 Kes.	2022 Kes.
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received	1	8,177,156	6,490,835
Receipts from other operating activities		-	-
Total Receipts		8,177,156	6,490,835
Payments			
Fund administration expenses	2	2,530,000	2,368,200
General expenses		-	-
Finance cost	3	106,010	13,690
Total Payments		2,636,010	2,381,890
Net cash flows from operating activities		5,541,146	4,108,945
Cash flows from investing activities			
Accrued Principal Repayments	5	(431,064)	(96,863)
Accrued repayments recovered	15	152,150	-
Proceeds from loan principal repayments	10	21,562,392	20,095,314
Loan disbursements paid out	11	(60,955,425)	(75,830,020)
Net cash flows used in investing activities		-39,671,947	-55,831,569
Cash flows from financing activities			
Proceeds from revolving fund receipts	16	30,000,000	40,000,000
Repayment of borrowings	12	(425,784)	(700,000)
Net cash flows used in financing activities		29,574,216	39,300,000
Net increase/(decrease) in cash and cash equivalents		-4,556,585	-12,422,624
Cash and cash equivalents at 1 JULY	4	7,583,583	20,006,207
Cash and cash equivalents at 30 JUNE		3,026,998	7,583,583

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 29/09/2023 and signed by:


 Administrator of the Fund
 Gideon Mukiri Muchiri


 Fund Accountant
 Dominic Chege Wacera
 ICPAK Member Number: 15593

17. Statement Of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
	Kes.	Kes.	Kes.	Kes.	Kes.	
Cash at Bank	7,583,514	-	7,583,514	3,026,998	4,556,516	39.92
Exchequer Receipts.	42,000,000		30,000,000	30,000,000	-	100.00
Projected Interest Income	8,332,244	-	8,332,244	8,177,156	155,088	98.14
Projected Repayments	32,500,000	-	32,500,000	21,562,392	10,937,608	66.35
Total Income	90,415,758	-	90,415,758	62,766,546	27,649,212	69.42
Expenses						
Fund Administration Expenses	2,709,748	-	2,709,748	2,530,000	179,748	93.37
Loan Disbursements	81,600,000	-	81,600,000	60,955,425	20,644,575	74.70
Finance Costs	150,000	-	150,000	106,010	43,990	70.67
Total Expenditure	84,415,758	-	84,459,748	63,591,435	20,868,313	75.29
Surplus for the Period	5,956,010	-	5,956,010	-824,889	6,780,899	(13.85)

Budget notes

1. The surplus as reflected above differs from the surplus reflected in the statement of financial position as the above budget is reported on cash basis and consists of items not considered as incomes under IPSAS accrual basis. These include exchequer receipts and the loans disbursed.

18. Significant Accounting Policies

1. General Information

Nyandarua County Assembly Staff Car loan and Mortgage Fund was incorporated/ established under the PFM Act on 30th April 2016 and it's regulated by Nyandarua County Assembly Car loan and Mortgage regulations and Salaries and Remuneration Commission circulars.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

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

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

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

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

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

(iii) Early adoption of standards

The entity did not early - adopt any new or amended standards in year 2023.

2. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 23rd May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kes. 30 million on the FY 2022-2023 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.

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 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.

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023
Summary Of Significant Accounting Policies (Continued)*

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

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

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

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

Contingent liabilities

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

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023
Summary Of Significant Accounting Policies (Continued)*

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

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

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023
Summary Of Significant Accounting Policies (Continued)*

h) Borrowing costs

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

i) Related parties

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

j) Cash and cash equivalents

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

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

Nyandarua County Assembly Staff Car loan and Mortgage Fund was incorporated/ established under the PFM Act on 30th April 2016 and it's regulated by Nyandarua County Assembly Car loan and Mortgage regulations and Salaries and Remuneration Commission circulars. Its ultimate parent is the County Government of Nyandarua.

n) Currency

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

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023
Summary Of Significant Accounting Policies (Continued)*

o. 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 xxx.

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

Other Disclosures

1. 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:

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

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.

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:

	Total amount Kes.	Fully performing Kes.	Past due Kes.	Impaired Kes.
As At 30th June 2023				
Receivables from exchange transactions	250,973,399	250,973,399		
Receivables from non-exchange transactions				
Bank balances	7,583,584	7,583,584		
Total	258,556,983	258,556,983		

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023*

As At 30th June 2022				
Receivables from exchange transactions	197,068,191	197,068,191		
Receivables from non-exchange transactions				
Bank balances	20,006,207	20,006,207		
Total	217,074,398	217,074,398		

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.

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.

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 Kes. xxx (2022: Kes. xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kes. xxx (2021 – Kes. xxx)

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:

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. Interest Income

Description	2023	2022
	Kes.	Kes.
Interest income from mortgage loans	8,177,156	6,490,835
Total interest income	8,177,156	6,490,835

2. Fund Administration Expenses

Description	2023	2022
	Kes.	Kes.
Fund Administration Expenses	2,530,000	2,368,200
Total Administration Expenses	2,530,000	2,368,200

3. Finance costs

Description	2023	2022
	Kes.	Kes.
Commissions for service charge	93,400	-
Bank Charges	12,610	13,690
Total	106,010	13,690

4. Cash and cash equivalents

Description	2023	2022
	Kes.	Kes.
Equity Bank AC Number 0620267678184	3,026,998	7,583,584
Total cash and cash equivalents	3,026,998	7,583,584

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Accrued Income

Description	2023	2022
	Kes.	Kes.
Repayments earned not received	873,996	96,863
Total accrued Income	873,996	96,863

6. Overpaid Loans

Description	2023	2022
	Kes.	Kes.
Overpaid loan disbursements	197,793	769,138
Total	197,793	769,138

7. Non-Current Receivables from exchange transactions

Description	2023	2022
	Kes.	Kes.
Non Current receivables		
Long term loan repayments due	290,983,883	251,503,399
Total Non current receivables	290,983,883	251,503,399
Total receivables from exchange transactions	290,983,883	251,503,399

8. Trade and other payables from exchange transactions

Description	2023	2022
	Kes.	Kes.
Insurance Owing	10,428,508	6,726,998
Total Trade and other payables	10,428,508	6,726,998

This relates to insurance deducted from the individual loanees which is deducted at the time of issuing the loans but is usually not paid to the insurance company immediately in lump sum but remains as part of the funds available for lending and thus forming part of the liabilities as at the year end.

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

9. Current Portion of Borrowings

Description	2023	2022
	Kes.	Kes.
Loans Owings	460,137	3,209,882
Total Current Portion of Borrowings	460,137	3,209,882

This relates to loans that have been approved by the committee and issued out but are not fully paid as at the end of the year due to issues like lack of enough funds thus remaining owing from the fund and forming part of the liabilities as at the year end.

10. Proceeds from loan principal repayments

Description	2023	2022
	Kes.	Kes.
Principal Loan Repayments	21,562,392	20,095,314
Total Principal Loan Repayments	21,562,392	20,095,314

11. Loan Disbursements

Description	2023	2022
	Kes.	Kes.
Loan Disbursements paid out	60,955,425	75,830,020
Total Loan Disbursements	60,955,425	75,830,020

12. Repayment of Borrowings

Description	2023	2022
	Kes.	Kes.
Insurance Paid out	425,784	700,000
Total Repayment of Borrowings	425,784	700,000

13. Revolving Fund

Description	2023	2022
	Kes.	Kes.
Balance Brought forward	234,910,758	194,910,758
Exchequer Receipts during the Year	30,000,000	40,000,000
Total Revolving fund	264,910,758	234,910,758

14. Accumulated Surplus(Restated)

Description	2023	2022
	Kes.	Kes.
Balance Brought forward	13,742,121	10,477,237
Surplus during the year	5,541,146	3,264,884
Accumulated surplus	19,283,267	13,742,121

*Nyandarua County Assembly staff car loan and mortgage scheme fund
reports and financial Statements for the year ended June 30, 2023*

15. Accrued Repayments recovered

Description	2023	2022
	Kes.	Kes.
Recovered Accrued Repayments	152,150	-
Total Accrued Repayments Recovered	152,150	-

This relates to loan repayments payable by one Mr. Daniel Mucheru Mwaniki whose salary payments had been stopped from September 2021 to October 2022. The total payable amount for the 14 months amounted to Ksh 213,010. This amount was paid in November 2022 where out of this amount, Ksh 60,860 relates to the year 2022/2023 while the balance of Ksh 152,150 was accrued repayments recovered for the year 2021/2022.

16. Exchequer Receipts

Description	2023	2022
	Kes.	Kes.
Exchequer Receipts	30,000,000	40,000,000
Total Exchequer Receipts	30,000,000	40,000,000

17. Current Accrued Repayments

Description	2023	2022
	Kes.	Kes.
Current Accrued Repayments	431,064	96,863
Total Current Accrued Repayments	431,064	96,863

Nyandarua County Assembly staff car loan and mortgage scheme fund reports and financial Statements for the year ended June 30, 2023

20. Progress on Follow up of Auditor Recommendations

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

Referenc e No. on the external audit Report	Issue / Observation s from Auditor	Managemen t comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolve d / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
3.21	Non Preparation of Budget	We will ensure this is prepared and submitted to the Fund Committee for approval	Fund Administrato r	Resolved	Budget ready and available for review