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REPORT

OF

THE AUDITOR-GENERAL

ON

**HOMA BAY COUNTY EXECUTIVE
CAR LOAN AND MORTGAGE
(MEMBERS) SCHEME FUND**

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



**HOMA BAY COUNTY GOVERNMENT
EXECUTIVE CAR AND MORTGAGE FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE F/Y ENDED
30TH JUNE, 2024**

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

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
Annual Financial Statements
For the year ended 30 June 2024*

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
Annual Financial Statements
For the year ended 30 June 2024*

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Homa Bay County Executive Car Loan and Mortgage(Members) Scheme Fund 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, Homa Bay county Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising there from, the Homa Bay County Executive approved and adopted the Staff Loans Policy Paper on December 2016.

The fund is wholly owned by the county government of Homa Bay Executive and is domiciled in Kenya.

b) Principal Activities

The Fund's principal activities are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

Vision

"To ensure better housing to Staffs and improved mobility at affordable cost"

Mission

"To provide affordable, accessible and sustainable car loans and Mortgage to Homa Bay County Executive staff."

Core Values

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

c) Key Management

Ref	Name	Position
1	Mr. Alphonse Werah	Chief Officer Finance.
2	CPA. Zephaniah O. Sita	Ag. Fund Administrator
3		Ag. Fund Accountant

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d) Registered Offices

P.O. Box 469-40300
Council Building/House/Plaza
Homa Bay –Rongo Road/Highway
Homa Bay, KENYA

e) Fund Contacts

Telephone: +254 20 38617565/55
E-mail: executive@homabay.go.ke
Website: www.homabaycounty@.go.ke

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Diamond Trust Bank LTD
DTB Centre, Mombasa Road
P.O BOX 61711-00200
Nairobi, Kenya
3. Equity Bank
Equity Centre, Upper Hill
P.O. Box 1234 - 00100
Nairobi, Kenya

g) Independent Auditors

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

h) Principal Legal Adviser

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

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2. FUND MANAGEMENT COMMITTEE

Ref	Name	Details of qualifications and experience
1	Hon.Solomon O. Obiero	Chairman - CEC-M Finance
2	Mr.Fred Orego	County Attorney
3	CPA Zephaniah O, Sita	Ag.Fund Administrator
4		Fund Accountant

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3. STATEMENT OF PERFORMANCE AGAINST 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 in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key objectives of the Homabay County Executive Car Loan and Mortgage (Members) Scheme Fund are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Homabay County Executive Mortgage (Members) scheme fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.	Increased home ownership by the scheme members	Amount of mortgage loans advanced to scheme members	In FY 2023/2024 Homabay county executive through the Mortgage scheme fund did not advance any new loans to the scheme members
Homabay County Executive Car Loan (Members)Scheme fund	To provide a loan scheme for the purchase of vehicles by members of the scheme.	Increased car ownership by the scheme members	Amount of car loans advanced to scheme members	In FY 2023/2024 Homabay county executive never advanced car loans to its scheme members

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4. MANAGEMENT TEAM

Name	Details of qualifications and experience
CPA Okello Sita	Ag. Fund Administrator
	Ag. Fund Accountant
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	

5. FUND MANAGEMENT COMMITTEE CHAIR REPORT

Income

The Interest for Ksh. 4,252,500 was received for FY 2023-2024.

Expenditures

No Expenditure has been incurred in the FY 2023-2024

Financial Performance

a) Revenue

In the F/Y ended 30th June 2024, the fund received a total of Kshs. 70,999,400

b) Loans

During the F/Y ending 30th June, 2024 Ksh. 30,673,594 was repaid.



Signed: _____

Hon. Solomon Obiero

Chairperson of the Fund Management Committee

6. FUND ADMINISTRATOR'S REPORT

It is my pleasure to present, on behalf of the Fund Administration Committee, the County Executive car and Mortgage loan fund financial statements for the F/Y ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

Sustainability

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

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

7. CORPORATE GOVERNANCE STATEMENT

The Homa Bay County Executive Car Loan and Mortgage(Members) Scheme Fund 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 provides for the regulation and administration of the Car and Mortgage Loan Fund.

Its mandate is to provide car and Mortgage loans to members of Executive staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements.

The operations of the fund are governed by a fund administrator and the fund Management committee.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

The management, from time to time, seeks to have enabling regulations governing the fund's operations and is committed to ensure strict adherence to the set fund regulations in furtherance of compliance with statutory requirements.

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9. SUSTAINABILITY REPORTING

During the financial year under review, the entity did not engage in any corporate social responsibility activity. The fund, however, intends to start engaging in corporate social responsibility activities upon widening the scope of the Scheme to cover more members

10. REPORT OF THE TRUSTEES/ FUND MANAGEMENT COMMITTEE

The Fund Management Committee submits their report together with the audited financial statements for the F/Y ended June 30, 2024, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

10.2 Performance

The performance of the Fund for the F/Y ended June 30, 2024, are set out on page 18

10.3 Trustees

The members of the Fund Management Committee who served during the year are shown on page 5.

10.4 Auditors

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

By Order of the Fund Management Committee



CHAIRPERSON - MORTGAGE SCHEME FUND COMMITTEE

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management (Homabay County Executive Mortgage Scheme Fund) Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Homabay County Executive Mortgage Scheme Fund) Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date.

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

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In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the committee on 12th July 2024 and signed on its behalf by:



Alphonse Werah
FUND ADMINISTRATOR

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON HOMA BAY COUNTY EXECUTIVE CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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, 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 Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the Homa Bay County Executive Car Loan and Mortgage (Members) Scheme Fund set out on pages 1 to 25, which

comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Bay County Executive Car Loan and Mortgage (Members) Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0. Non-Compliance with the Prescribed Financial Reporting Framework

Review of the financial statements revealed the following instances of Non-compliance with the prescribed reporting template, contrary to Section 164(3) of the Public Finance Management Act, 2012, which states that the accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time:

- i. The statement of comparison of budget and actual amounts reflects utilization of 65% whose explanatory note was not provided as a budget note as requires by the prescribed reporting template.
- ii. Similarly, the statement of comparison of budget and actual amounts reflects a budget adjustment amount of Kshs.27,300,000 against transfer from the County Treasury. However, the amount has not explained as a budget not, contrary to the template which requires explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Further, adjustments of identical amount were not made to the expenditure budget as required.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board. Further, Management was in breach of the law.

2.0. Inaccuracies and Unsupported Amount in the Financial Statements

Review of the financial statements revealed the following anomalies:

2.1. Statement of Financial Performance

The statement of financial performance reflects transfers from the County Government amount of Kshs.56,000,000, an indication it is a recurrent or operating revenue. The same

amount is reflected in the statement of changes in net assets as a revolving fund receipt, meaning that it was a capital or development fund. No explanation was provided for treating the transfer of Kshs.56,000,000 both as a recurrent receipt and a capital fund.

Further, the statement of financial performance reflects surplus for the year of Kshs.60,095,311, while the statement of changes in net assets shows a corresponding surplus of Kshs.26,044,655, resulting in an unreconciled variance of Kshs.34,050,656.

2.2. Statement of Financial Position

In addition, the statement of financial position reflects accumulated surplus balance of Kshs.60,251,406 which differs with the re-computed balance of Kshs.61,724,645, resulting in a variance of 1,473,239 which has not been explained.

2.3. Statement of Changes in Net Assets

The statement changes in net assets reflects total balance as at 1 July, 2023 of Kshs.91,697,748 which differs with the closing balance as at 30 June, 2023 of Kshs.148,973,239, resulting in an unreconciled variance of Kshs.57,275,491.

2.4. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects Nil total income amounts in respect of adjustments and performance difference. However, re-computation revealed corresponding amounts of Kshs.27,300,000 and Kshs.30,300,000, resulting in unexplained variances of negative Kshs.(27,300,000) and negative Kshs.(30,300,000) respectively.

In the circumstances, the accuracy and fair presentation of the financial statements could not be confirmed.

3.0. Unconfirmed Receivables from Exchange Transactions Balances

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.37,907,783 and long-term receivables from exchange transactions balance of Kshs.72,447,155, totalling Kshs.110,354,938. However, this amount differs with an amount of Kshs.106,022,422, calculated as follows, resulting in an unreconciled variance of Kshs.4,332,516.

	Amount (Kshs.)
Current portion of long-term receivables from exchange transaction	2,807,464
Long-term receivables from exchange transaction	100,861,364
Balance as at 30 June, 2023	103,668,828
Add: Disbursements paid out	30,673,594
Less: Proceeds from loan principal repayments	(28,320,000)
Re-calculated Balance as at 30 June, 2024	106,022,422

In the circumstances, the accuracy and fair presentation of the reported balances in respect of receivables from exchange transactions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Homa Bay County Executive Car Loan and Mortgage (Members) 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 Adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects income budget and actual on comparable basis amounts of Kshs.90,396,425 and Kshs.60,096,425, resulting in an underfunding of Kshs.30,300,000, or 34% of the budget.

The underfunding may have adversely affected delivery the operations of the Fund.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

Various prior year audit matters remained unresolves as at 30 June, 2024. Management has not provided satisfactory reasons for failure to resolve these prior audit issues.

Other Information

Management is responsible for the other information set out on page iii to xv, which comprises Key Entity Municipality Information and Management, Fund Management Committee, Management Team, Fund Management Committee Chair Report, Corporate Governance Statement Fund Administrator's Report, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Sustainability Reporting, Report of the Fund Management Committee and Statement of Management's Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Failure to Prepare Separate Financial Statements

The financial statements presented for audit were prepared for the Homa Bay County Government Executive Car and Mortgage Fund, a fund that does not exist in law. There are two Funds, namely County Executive Mortgage Scheme Fund established under Regulation 3 of the Public Finance (County Executive Mortgage Fund) Regulations, 2017 and County Executive Car loan (Members) Scheme Fund established under Regulation 3 of the Public Finance (County Executive Car Loan Fund) Regulations, 2017. The financial statements as prepared and presented do not represent any know institution in law.

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

2.0. Lack of an Approved Budget

The statement of comparison of budget and actual amounts shows that the Fund had a final revenue budget of Kshs.90,396,425 while the final expenditure budget was Kshs.1,094, resulting in budgeted surplus of Kshs.60,095,331. This is contrary to Regulation 31(c) and (e) of the Public Finance Management (County Governments) Regulations, 2015, which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the budget revenue and expenditure appropriations shall be balanced and total budget revenue shall cover total budget expenditure.

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

3.0. Failure to Register Charges on Mortgaged Properties and Jointly Register Log Books on Car Loans to Members

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.75,111,551. However, as previously reported, audit review revealed that Management did not have a charge registered on the financed properties, contrary to Regulation 20(b) of the Public Finance (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2015, which requires a charge on security on the property acquired through loan from the Fund to protect the interests of the Fund.

In addition, the log books of the vehicles subject to the loans were not jointly registered, contrary to Regulation 9(2) of the Public Finance (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2014, which provides that the log book of a vehicle subject to a loan from the Fund shall be issued jointly between the Board and the member of the Scheme and shall be kept in custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme.

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

4.0. Failure to Insure Mortgaged Properties and Motor Vehicles on Car Loans

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.75,111,551. However, as previously reported, audit review revealed that Management did not enforce mortgage insurance, contrary to Regulation 17(1) of the Public Finance (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2015, which requires a borrower to take out and maintain a Mortgage Protection Policy and a Fire Policy with an insurance firm approved by the Committee, the cost of which shall be paid by the borrower or out of the Fund and debited in such borrower's account.

In addition, motor vehicles on car loans were not insured, contrary to Regulation 13(1) of the Public Finance (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2014, which states that a member of the scheme shall comprehensively insure any vehicle purchased through the scheme with an approved insurer by the Board and shall submit evidence of the cover to the administrator.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2024

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
Annual Financial Statements
For the year ended 30 June 2024*

13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE FY ENDED 30 JUNE 2024

	Note	2023/2024 Kshs	FY2022/2023 Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	56,000,000	0
Revenue from exchange transactions			
Interest income	2	4,252,500	0
Total revenue		60,252,500	0
Expenses			
Fund administration expenses	3	1,094	6,574
Total expenses		1,094	6,574
Surplus/(deficit) for the period		60,251,406	(6,574)



**Name: Alphonse Werah
Administrator of the Fund**



**Name: CPA Sephania Sita
Fund Accountant
ICPAK Member Number:30278**

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
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13.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	4	97,594,216	45,304,411
Current portion of long-term receivables from exchange transactions	5A	37,907,783	2,807,464
Receivables from Non-Exchange Transactions	6	0	
Total Current Assets		135,501,999	48,111,875
Non-current assets			
Long term receivables from exchange transactions	5B	72,447,155	100,861,364
Total assets		207,949,154	148,973,239
Represented By			
Revolving Fund		147,697,748	147,500,000
Reserves		0	0
Accumulated surplus		60,251,406	1,473,239
Total Equity		207,949,154	148,973,239

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 _____ 2024 and signed by:



Administrator of the Fund
Name: Alphonse Werah



Head of Treasury Accounting
Name: CPA Sephania Sita
ICPAK Member Number:30278

Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
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13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2024

	Revolving Fund	Reserve Fund	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2022	147,500,000	0	1,479,813	107,977,230
Surplus/(deficit) for the period	0	0	(6,574)	(6,574)
Transfers to Long term borrowings	-	-		41,002,583
Funds Received During the Year				
Balance as at 30 June 2023	147,500,000	0	1,473,239	148,973,239
Balance as at 1 July 2023	147,500,000	0	1,473,239	91,697,748
Surplus/(deficit) for the period	0	0	60,251,406	60,251,406
Funds Received During the Year	56,000,000			56,000,000
Balance as at 30 June 2024	203,500,000	0	61,568,550	207,949,154



Administrator of the Fund
Name: Alphonse Werah





Head of Treasury Accounting
Name: CPA Sephania Sita
ICPAK NUMBER:30278

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13.4 STATEMENT OF CASHFLOWS FOR THE MONTH ENDED 30TH JUNE 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from County Government	1	56,000,000	0
Interest received	2	4,252,500	0
Total Receipts		60,252,500	0
Payments			
Administrative costs	3	(1,094)	(6,574)
Total Payments		(1,094)	(6,574)
Cash flows from operating activities		60,251,406	(6,574)
Cash flows from investing activities			
Proceeds from loan principal repayments		28,320,000	6,601,324
Loan disbursements paid out		(30,673,594)	(7,554,628)
Net cash flows used in investing activities		(2,353,594)	(953,304)
Cash flows from financing activities			
Refund of borrowing borrowings by County Treasury		0	44,132,655
Borrowings by County Treasury		0	0
Net cash flows used in financing activities		0	44,132,655
Net increase/(decrease) in cash and cash equivalents		57,897,812	43,172,777
Cash and cash equivalents at 1 st July 2023		41,713,340	2,131,632
Cash and cash equivalents at 30 June 2024		97,594,216	45,304,338


 Administrator of the Fund
 Name: Alphonse Werah


 Head of Treasury Accounting
 Name: CPA. Sephaniah Sita
 ICPAK NUMBER: 30278

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13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2024	2024	2024	2024	2024	2024
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfer from County Treasury	59,000,000	27,300,000	86,300,000	56,000,000	30,300,000	65%
Interest income	4,252,500	-	4,252,500	4,252,500	-	100%
Total income	63,252,500	-	90,552,500	60,252,500	-	66%
Expenses						
Fund administration expenses		-	-	-	-	0%
Finance cost	1,094	-	1,094	1,094	-	100%
Total expenditure	1,094	-	1,094	1,094	-	100%
Surplus for the period	63,251,406	27,300,000	90,551,406	6,251,406	30,300,000	70%



Administrator of the Fund
Name: Alphonse Werah



Head of Treasury Accounting
Name: CPA Sephaniah Sita
ICPAK NUMBER: 30278

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

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

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The fund did not early – adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The Homa Bay County 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 in page 22 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. 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.

7. 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.

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 fund assesses at each reporting date whether there is objective evidence that a financial asset or a fund's of financial assets is impaired. A financial asset or funds 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 an 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 recognized as well as through the effective interest method amortization process.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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 Fund.

9. Provisions

Provisions are recognized when the fund 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 Fund 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 fund 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Homa Bay County Executive Car and Mortgage fund 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.

10. Nature and purpose of reserves

The fund creates and maintains reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

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

12. Employee benefits– Retirement benefit plans

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.

13. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. Related parties

The fund 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 Fund Administrator and the Fund Accountant.

16. 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.

17. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. There is a change in the comparative figure of total assets due to change in the reporting template.

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The Homa Bay County Executive Car Loan and Mortgage(Members) Scheme Fund is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the Homa Bay County Executive.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

The preparation of the Homa Bay Executive Car Loan and Mortgage(Members) Scheme Fund 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.

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 fund 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.

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

Provisions

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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.

The Fund Management assesses the credit quality of each Staff, 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 company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2024				
Receivables from exchange transactions	110,354,938	110,354,938		
Receivables from non-exchange transactions				
Bank balances	97,594,216	97,594,216		
Total	207,949,154	207,949,154		
At 30 June 2023				
Receivables from non-exchange transactions	27,830,015	40,302,640	-	-
Bank balances	5,370,315	5,370,315	-	-
Total	33,200,330	45,672,955	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Staff 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 company 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 customers.

The Fund management 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

	2024
	KShs
Revaluation reserve	-
Revolving fund	147,697,748
Reserve	0
Accumulated surplus/(Deficit)	60,251,406
Total funds	207,949,154
Total borrowings	0
Less: cash and bank balances	97,594,216
Net debt/(excess cash and cash equivalents)	0
Gearing	97,594,216

14. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	56,000,000	0
Total	56,000,000	0

2. Interest income

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Interest income from loans(mortgage /car loans)	4,252,500	0
Total interest income	4,252,500	0

Interest income is calculated at 3% of the gross repayments received during the year.

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3. Administrative Costs

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Bank Charges	1,094	6,574
Total	1,094	6,574

4. Cash and Cash Equivalents

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Current account	97,594,216	43,443,477
Total cash and cash equivalents	97,594,216	43,443,477

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

Financial institution	Account number	FY 2023/2024	FY2023/2024
		Kshs	Kshs
Current account			
Diamond Trust Bank	0912819001	97,594,216	43,443,477
Total		97,594,216	43,443,477

5. Receivables from exchange transactions

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
5A. Current Portion of loans due		
Current Portion of Outstanding Loans	37,907,783	9,408,788
Less repayments	(28,320,000)	(6,601,324)
Sub-Total	9,587,783	2,807,464
5B. Non-Current receivables		
Long term loan repayments due b/f	72,447,155	52,304,153
Loans disbursed during the year	30,673,594	7,554,628
Transfers from reserve fund	0	41,002,583
Sub-Total	103,120,749	100,861,364
Total receivables from exchange transactions	93,532,966	103,668,828

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6. Receivables from non-exchange transactions

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Current Receivables		
Borrowing from County Treasury	0	0
Total Current Receivables	0	
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables from Exchange Transactions	0	0

7. Loan Disbursed

Description	FY 2023/2024	FY2022/2023
	Kshs	Kshs
Loan Disbursed	30,673,594	7,554,628

8. Events after the reporting period

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

9. Ultimate and Holding Entity

The Homa Bay Executive Car Loan and Mortgage Scheme Fund is a County Public Fund established by PFM Act, 2012 under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Homa Bay.

10. Currency

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

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Annex I9: Progress on Follow up of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for the period ended 30 June 2023.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Doubtful Current Portion of Long-Term Receivables from Exchange Transactions	The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.2,807,464 as disclosed in Note 5A to the financial statements. However, Management did not provide documentary evidence to confirm that the loan balances that relate to members whose services were terminated was properly secured. In the circumstances, the accuracy, validity and recoverability of current portion of long-term receivables from exchange transactions balance of Kshs.2,807,464 as at 30 June, 2023 could not be confirmed	Schedules were provided for Audit	RESOLVED	
Unsupported Long-Term Receivables from Exchange Transactions	The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.100,861,364 as disclosed in Note 5B to the financial statements. However, the balance was	Schedules were provided for Audit	RESOLVED	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>not supported with appropriate schedules and ledgers.</p> <p>In the circumstances, the accuracy and completeness of the outstanding loans balance of Kshs.100, 861,364 as at 30 June, 2023 could not be confirmed.</p>			
<p>Failure to Register Charges on Mortgaged Properties and Jointly Register Log Books on Car Loans to Members</p>	<p>The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.100, 861, 364 as disclosed in Note 5B to the financial statements.</p> <p>However, as previously reported, audit review revealed that Management did not have a charge registered on the financed properties as required by Regulation 20(b) of the Public Finance (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2015 which requires a charge on security on the property acquired through from loan from the Fund to protect the interests of the Fund. In addition, the log books of the vehicles subject to the loans were not jointly</p>	<p>Process Initiated</p>	<p>RESOLVED</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>registered in line with the requirement of Regulation 9(2) of the Public Finance (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2014 which provides that the log book of a vehicle subject to a loan from the Fund shall be issued jointly between the Board and the member of the Scheme and shall be kept in custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme. In the circumstances, the Management was in breach of the law.</p>			
<p>Failure to Insure Mortgaged Properties and Motor Vehicles on Car Loans</p>	<p>The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.100,861,364 as disclosed in Note 5B to the financial statements. However, as previously reported, audit review revealed that Management did not enforce mortgage insurance as required by Regulation 17(1) of the Public Finance (Homa Bay County Executive Mortgage (Members)</p>	<p>Process Initiated</p>	<p>RESOLVED</p>	

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
Annual Financial Statements
For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Scheme Fund) Regulations, 2015 which requires a borrower to take out and maintain a Mortgage Protection Policy and a Fire Policy with an insurance firm approved by the Committee, the cost of which shall be paid by the borrower or out of the Fund and debited in such borrower's account. In addition, motor vehicles on car loans were not insured in line with the provision of Regulation 13(1) of the Public Finance (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2014 which states that a member of the scheme shall comprehensively insure any vehicle purchased through the scheme with an approved insurer by the Board and shall submit evidence of the cover to the administrator. In the circumstances, the Management was in breach of the law.</p>			
Unbalanced Fund Budget	The statement of comparison of budget and actual amounts revealed that the Fund had a final	Budget was Balanced	RESOLVED	

*Homa Bay County Executive Car and Mortgage (Members) Scheme Fund
Annual Financial Statements
For the year ended 30 June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>revenue budget of Kshs.157,210,271 while the final expenditure budget was Kshs.51,006,574 resulting to budgeted surplus of Kshs.106,203,697. This is contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the budget revenue and expenditure appropriations shall be balanced.</p> <p>In the circumstances, the Management was in breach of the law.</p>			