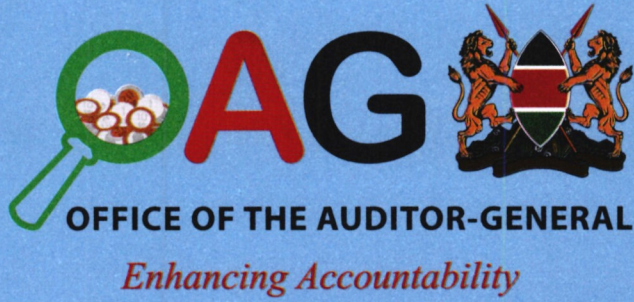


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 14 FEB 2023

DAY

WED

TABLED

Deputy Leader, Majority party
Hon Owen Bayo, MP

BY

TABLE:

Miriam Mado



REPORT

OF

THE AUDITOR-GENERAL

ON

**STATE OFFICERS AND PUBLIC OFFICERS
MOTOR CAR LOAN SCHEME FUND**

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

THE NATIONAL TREASURY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 00100, NAIROBI
REGISTRY

19 DEC 2023

RECEIVED



STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

2. Key Fund information and management

a) Background information

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014. The Cabinet Secretary, National Treasury is responsible for the general policy and strategic direction of the Fund while the Chief Executive Officer is the administrator of the Fund.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a car loan facility to State Officers and Public Officers of the National government to purchase a motor car. The Fund is administered by an Advisory Board. The Advisory Board is charged with the responsibility of processing loans from applicants in accordance with laid down regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund. The Fund Secretariat is responsible for the day-to-day operations.

c) Advisory Board Members.

Ref	Position	Name
1	Chairperson	Dr. Chris Kiptoo, CBS
2	Other Advisory Board Members	Samson P. Wangusi, OGW
		Ann R. Gitau, MBS
		Munyembo Mwachala
		James Thuita
		Maurice Nabende
		Silas Muyela
		Remmy Mulati
3	Fund Manager/ Administrator	FA. Edna Atisa, HSC

Key Fund and Information Management (Continued)

Ref	Position	Name
1	Fund Manager/ Administrator	FA Edna Atisa, HSC
2	Fund Accountant	CPA Justus M. Karuri
3	Senior Deputy Secretary	Mr. Godfrey Busolo, OGW
4	Deputy Director, Human Resource and Development	Mr. Kenneth Odhiambo
5	Supply Chain Management Officer	Mr. Kenneth Korir
6	Principal Finance Officer	CPA Faith Kiptis
7		

d) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA James Mwangi Senior Internal Auditor
2	Staff Officers and Public Motor car Loan Advisory Committee	The Fund has nine members in the Advisory Board as listed on page iii

e) Registered Offices

Treasury Building,
Harambee Avenue

f) Fund Contacts

Telephone: (254) 2718050
P.O. Box 30007-00100, Nairobi, KENYA
Email: carloan@treasury.go.ke
Website: www.treasury.go.ke

g) Fund Bankers

Central Bank of Kenya,

Address: Haile Selassie Avenue

P.O Box 60000-00200,

Nairobi, Kenya

Kenya Commercial Bank

Moi Avenue branch

P.O. Box 48400

GPO 00100, Nairobi, Kenya.

h) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice





Harambee Avenue

P.O. Box 40112






City Square 00200

Nairobi, Kenya




3. The Advisory Board.

S/No	Name	Details of qualifications and experience
1	 Chris Kiptoo, PhD, CBS	<p>Dr. Chris Kiptoo is the Chair of the Advisory Board and the Principal Secretary, National Treasury. He also served as PS, Ministry of Environment and Forestry. and PS at the State Department of Trade, Ministry of Industry, Trade & Cooperatives. He has a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. He holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University.</p>
2	 Mr. Samson P. Wangusi, OGW	<p>Mr. Samson Palia Wangusi, OGW, is the Principal Administrative Secretary (PAS) at the National Treasury. He is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years. He has also served on various Boards as an Alternate Director to the Principal Secretary. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from Moi University and the University of Nairobi respectively.</p>
3	 Mr. Silas Muyela	<p>Mr. Silas Muyela is a holder of MSc in Finance from Kenyatta University and BA, Economics and Statistics from Egerton University. He is the alternate Director to the Director General, Budget Fiscal and Economic Affairs. Mr. Muyela has a wide range of experience in budgetary and policy formulation having served as a budget officer in the National Treasury.</p>
4	 Mr. Remmy Mulati	<p>Mr. Remmy Mulati is the Deputy Chief Executive Officer, Public Service Commission. He served as an alternate to CEO, Public Service Commission. Mr. Mulati has vast experience in Human Resource Management having served for over thirty years in various capacities in the Public Service.</p>




*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

5	 <p>Eng. Maurice Nabende</p>	<p>Eng. Maurice Nabende is the Chief Mechanical Engineer and Director, KIHBT at the Ministry of Transport, Infrastructure, Housing and Urban Development. He served as the alternate to the Principal Secretary, Ministry of Infrastructure in the Advisory Board. He has a vast experience on matters relating to mechanical engineering.</p>
6	 <p>Mr. Munyembo Mwachala</p>	<p>Mr. Munyembo Mwachala is Secretary Administration, State Department of Public Service. He served as an alternate to the principal Secretary, State Department of Public service. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration the University of Nairobi. He is a seasoned administrator who has served in various Government Departments.</p>
7	 <p>CPA James Thuita</p>	<p>Mr. James W. Thuita is the Head of Accounting Unit, Ministry of Transport and Infrastructure. He served as an alternate to the principal Secretary, State Department of Transport. He has MBA Finance and is a holder of CPA(K). He has vast leadership experience spanning over 33 years in the central Government.</p>
8	 <p>Mrs. Ann R. Gitau, MBS</p>	<p>Mrs. Anne R. Gitau is the Commission Secretary/ Chief Executive Officer, Salaries and Remuneration Commission. She is a respected Human Resource professional and leader with over ten years comprehensive experience ranging from the private sector to the public sector. She has a Master's Degree in Business Administration from University of Nairobi and a Bachelor of Education Degree from Egerton University.</p>
9	 <p>FA Edna Atisa, HSC</p>	<p>Ms. Edna Atisa is the Interim Chief Executive Officer of the Fund. She is an economist with vast experience in policy formulation and implementation and a member of the Economics Society of Kenya. She holds MA(Economics), BA (Economics), Postgraduates Diploma in Education, all from the University of Nairobi. She has attended training in Performance Management in the Public Sector, Strategic Leadership Development and Investment Analysis and Planning. She has previously served as an Economist at the same Ministry and as an Assistant Registrar at the University of Nairobi. She has also served on Various boards</p>

4. Management Team

S/No	Name	Details of qualifications and experience
1	 FA Edna Atisa, HSC	Ms. Edna Atisa is the Interim Chief Executive Officer of the Fund. She is an economist with vast experience in policy formulation and implementation and a member of the Economics Society of Kenya. She holds MA(Economics), BA (Economics), Postgraduates Diploma in Education, all from the University of Nairobi. She has attended training in Performance Management in the Public Sector, Strategic Leadership Development and Investment Analysis and Planning. She has previously served as an Economist at the same Ministry and as an Assistant Registrar at the University of Nairobi. She has also served on Various boards
3	 Mr. Kenneth Odhiambo	Mr. Kenneth Odhiambo is the Deputy Director, Human Resource Management & Development at the National Treasury. He has a Bachelors in arts, From Nairobi university with 27 years experience in the Public Service.
5	 CPA Faith Kiptis	Ms Faith Kiptis is the Finance officer at the National Treasury. She has MBA Finance and is a holder of CPA(K). She has vast leadership experience spanning over 13 years in the central Government.

*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

6	 <p>Mr. Kenneth Korir</p>	<p>Mr. Kenneth Korir is a Procurement Officer at the National Treasury with over 13 years of experience. He is a member of the Chartered institute of Procurement and supplies (MCIPS). He holds an MBA(project management) from Kenyatta university and BA(Economics) from Strathmore university and CPA(K)</p>
7	 <p>CPA Justus M. Karuri</p>	<p>CPA Justus M. Karuri is the Fund Accountant. He is a member of the institute of Certified Public Accountants of Kenya (ICPAK). He holds a Bachelors of Commerce (Accounting Option) From KCA university with Experience in Government Accounting spanning over two decades.</p>
8	 <p>Mr Godffrey Busolo, OGW</p>	<p>Mr Godffrey Busolo, OGW, is an Administrator at the National Treasury with vast experience in Public Sector Management, spanning over 20 years. He has also served on various Boards as an Alternate Director to the Principal Secretary. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from the University of Nairobi.</p>

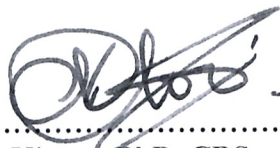
5. Chairman's Report

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014.

The Cabinet Secretary, National Treasury appointed a secretariat to undertake day to day operations of the fund. An Advisory board was constituted in line with section 9(1) of the Regulations to oversee the operations of the Fund. Since inception, the fund has processed motor car loans amounting to Kshs. 404,172,293.00 for 246 number applicants. Additionally, several activities have been under taken aimed at increasing loan uptake they include; review of the application guidelines and process to enhance service delivery and reduce the turnaround time, awareness creation in the field stations, capacity building for both staff and the advisory board members to improve skills and knowledge and hence costumer experience.

To effectively facilitate the applicants going forward, the Fund plans to automate its operations through development of an online application system which will be rolled out as soon as it is finalized. This is in addition to the deployment of an Integrated Enterprise Resource Management System for the management of the fund operations. To guide the long-term planning the Fund, has developed a strategic Plan for the period 2023 – 2028.

Some of the challenges the fund faced in the period under review include; Low uptake of the loan facility due to lack of awareness, salary commitment and the high cost of living which has eroded the purchasing power of the beneficiaries. This is worsened by the Covid- 19 pandemic that made the cost of goods and service very high including the motor vehicles. It is hoped that this situation will improve in the near future.



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Chris Kiptoo, PhD, CBS
Chairman, State Officers and Public Officers Motor Car Loan Scheme Fund and
Principal Secretary National Treasury

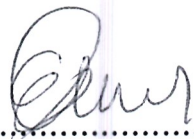
6. Report Of the Fund Manager/ Administrator

The State Officers and Public Officers Motor Car Loan Scheme Fund is Government initiative towards enhancing human resource productivity. The Scheme is financed by the Government of Kenya. On behalf of the State Officers and Public Officers Motor Car Loan Scheme Fund, I wish to present the annual report and financial Statements for the year ended 30th June 2023.

During the period under review, the Fund undertook various activities towards achieving the objectives and purpose for which it was established. As at 30th June 2023, the Fund had processed 246 motor car loans which amounted Kshs 404,172,293.00. It is noted that the sensitization exercises undertaken in all counties played a key role in the increase in uptake during the year under review and that 69 loans valued at Ksh 147,633,187.00 were issued in the FY 2022/23. The recurrent expenditure for the fund was Kshs 42,511,041.00. The expenditure was mainly on the purchase of goods and services, Board expenses and capacity building.

Recognizing the critical role of the human resource in the effective implementation of the funds mandate, the Fund built capacity of Board members and staff by sponsoring them for short courses aimed at improving knowledge and skills. Information, Education and Communication materials were developed to aid awareness creation efforts.

The success of the Scheme was due to the support accorded to the Secretariat by the Management of the National Treasury during the Financial Year under focus. We look forward to the continued support from all the stakeholders as we strive to roll out the Motor Car Loan Scheme.



.....
**FA Edna Atisa, HSC
Interim Chief Executive Officer
& Administrator of the Fund**

7. Statement of Performance Against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives. Further, Section 24(2) of the State Officers Public Officers Motor Car Loan Scheme Fund Regulations require the Administrator to develop a workplan to guide the day-to-day operations of the fund towards achieving the long-term objectives and vision of the Fund.

The Fund has developed a strategic plan which informs the workplan of the Fund. A workplan was developed and approved by the Board to guide the funds activities for the period ending 30th June 2023. The Fund achieved its performance targets set for the FY 2022/23 for its Effectiveness and efficiency in service delivery strategic objective, as indicated in the table below:

OBJECTIVE	ACTIVITY	EXPECTED OUTPUT	PERFORMANCE INDICATOR(S)	TARGET/ OUTCOME
Effectiveness and Efficiency in Service Delivery.	Development of Job Descriptions	Job descriptions.	Job Description Report developed	Strong internal controls and governance processes and separation of roles.
	Implementation of Enterprise Resource Program (ERP)	Automated processing of applications.	ERP System concept note developed	Enhanced efficiency and accountability.
	Development of a strategic Plan	Strategic Plan	Strategic Plan report	Efficiency in service delivery
	Capacity Building for Board members and staff	Enhanced skills, knowledge and Performance.	Advisory Board Directors and secretariat trained	Enhanced effectiveness and efficiency in service delivery.
	Procurement of Various Goods and Services.	Adequate supply of goods and services.	Goods and Services procured timely	Better service delivery
	Sensitization of Civil Servants and State officers.	Awareness created in State Officers and Public Officer.	2000 of officers sensitized.	Increase in number of loan applications
	Board activities	Board Minutes and reports.	5 Board Meetings and activities undertaken	Board Recommendations/ resolutions.
	Processing of Loan Application Forms.	Loan Approvals	146 Loan Applications processed	Loans Issued.
	Development of Financial Statements	Compliance with the PFM reporting requirements	Final Accounts/ Statement and quarterly financial reports	Transparency and accountability
	Review of the internal control environment.	Report on Findings and recommendations on the internal controls	Management and Audit Review Reports.	Effective management of the Scheme through reduction in audit queries.

8. Corporate Governance Statement

In period under review the Board developed a board almanac to guide the board operations and activities. The board held five (5) meetings and reviewed the board charter that governs the conduct of meetings. The Board members are appointed by the Cabinet Secretary National Treasury upon nomination by the respective institutions represented in the Board in line with the Governing regulations. The Board undertook capacity building of its staff and board members to enhance their capacity and apprised them on the status of implementation of the fund activities in a retreat held to review the same.

As a matter of good corporate governance, the conflict-of-interest register is filled in every meeting and where the meeting is virtual the members are request to declare interest in the agenda ideas tabled for discussion. Sitting allowance is paid to the members of the advisory board at the rate of Kshs 15,000, taxable.

The roles and responsibilities of the board as provided for in the regulations include;

- (a) Process and approve loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaise with the financial institution to set up a Fund for the disbursement of the loans; Establishment and composition of the Advisory Board.
- (c) Oversee the management of the Fund;
- (d) Monitor and evaluate the performance of the Fund;
- (e) Approve annual work programmes and procurement plans for the Fund;
- (f) Recommend the investment of any surplus funds not immediately required in securities approved by the National Treasury, for the purposes of realizing the objects and purpose for which the Fund is established;
- (g) Cause to be kept all proper books and records of accounts; the income, expenditure, assets and liabilities of the Fund;
- (h) Receive any gifts, donations, grants or endowments made to the Fund;
- i) Consider and recommend approval of the financial statements to the officer administering the Fund; recommend as when required the procurement of a financial institution to administer the Fund on its behalf
- (k) Perform any other functions that are ancillary to the objects and purpose for which-the Fund is established; and (l) Determine its own procedures for conducting its business.

9. Management Discussion and Analysis

The State Officers and Public Officers Motor Car Loan Scheme Fund, processed various motor car loan applications in the period under focus.

The Fund complied with the Statutory requirements of submitting quarterly financial Statements to the National Treasury. With regard to risks, the fund does not foresee any major risk that is likely to affect its operations in the short or long term. However, it is noted that the challenge of uptake by the beneficiaries arising from many factors such as lack of awareness is likely to affect the uptake. To surmount the challenge, the Fund undertook sensitization exercise targeting the beneficiaries. The sensitization exercise will be undertaken in the FY 2023/24 to improve uptake and enhance awareness. The Fund will also finalize development of a strategic plan to guide its strategic direction as well as automate the accounting process to enhance efficiency.

10. Environmental And Sustainability Reporting

The State Officers and Public Officers Motor Car Loan Scheme Fund falls under the National Treasury. The staff deployed to the Fund are employees of the National Treasury who undertake assignments in their respective areas of specialization while at the same timing supporting the fund operations. As Part of the National Treasury the fund Staff serve in various committees of the ministry including the environmental sustainability Committee where 1000 trees were planted in Machakos to contribute towards the 10% tree cover initiatives.

Other initiatives include participating in the security initiatives in partnership with the Kenya Revenue Authority, Kenya Police and the Central Bank of Kenya, facilitated staff training and development, undertook various activities towards containing COVID 19 and spread of HIV and AIDS by creating awareness among the staff.

11. Report of The Advisory Board

The Advisory Board submitted their report together with the audited financial statements for the year ended June 30, 2023, which showed the state of the Fund's affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to provide a car loan facility to State Officers and Public Officers of the National government to purchase a motor car. The Fund is administered by the Advisory Board. The advisory Board is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund. The Fund Secretariat is responsible for the day-to-day operations.

Performance

The performance of the Fund for the year ended June 30, 2023, is set out on page 1-5

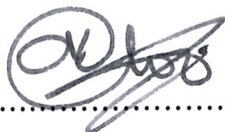
Advisory Board

The members of the Advisory Board who served during the year are shown on page vii-viii

Auditors

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

By Order of the Board



.....
Chris Kiptoo, PhD, CBS
Chairman, State Officers and Public Officers Motor Car Loan Scheme Fund and
Principal Secretary National Treasury

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by the State Officers and Public Officers Car Loan Scheme Fund, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. 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 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 the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Officers and Public Officers Car Loan Scheme Fund, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. 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, 2023, and of the Fund's financial position as at that date.

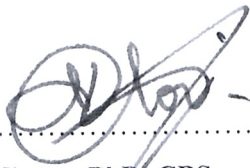
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the 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 24th November, 2023 and signed on its behalf by:

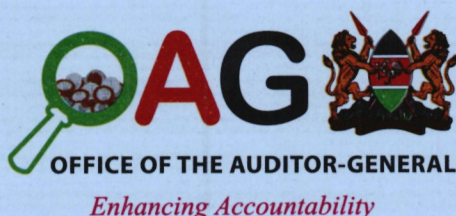


.....
Chris Kiptoo, PhD, CBS
Chair of the Board



.....
FA Edna Atisa, HSC.
Fund Administrator

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 STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023 – THE NATIONAL TREASURY

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 State Officers and Public Officers Motor Car Loan Scheme Fund set out on pages 1 to 18, which comprise of the

Report of the Auditor-General on State Officers and Public Officers Motor Car Loan Scheme Fund for the year ended 30 June, 2023 – The National Treasury

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the financial statements present fairly, in all material respects, the financial position of the State Officers and Public Officers Motor Car Loan Scheme Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.540,526,025 in respect of cash and cash equivalents. However, the balance includes an opening balance of Kshs.139,395,452 in respect of lien which as reported in the previous year was not supported by a schedule to indicate what the amount related to, the form and to whom the amount was owed. Management did not provide a cash book, bank statements, bank reconciliation statements or bank confirmation certificate to support the balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.540,526,025 could not be confirmed.

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

Emphasis of Matter

Low Uptake of Loans by State Officers and Public Officers

I draw your attention to Part 2(a) on the background information in the financial statements which discloses that the State Officers and Public Officers Motor Car Loan Scheme Fund was established in 2015 through Legal Notice No.195 of 25 September, 2015 and pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State Officers and Other Public Officers in December, 2014. The Fund has however experienced low response from state officers and public officers which compelled Management to invest in Treasury Bills so that the allocated funds do not lie idle. The disbursed loans balance of Kshs.252,172,936 remains relatively low at 6.6%

(2022- 5%) in comparison to the total current assets balance of Kshs.3,839,194,738 as at 30 June, 2023. The objective and purpose for which the Fund was established may not be achieved.

My opinion is not modified in respect to the above 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Advisory Board

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish 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 Advisory Board is responsible for overseeing the 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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's policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 December, 2023

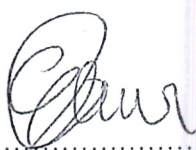
*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

14. Statement of Financial Performance for the year ended 30th June 2023.

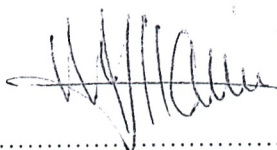
	Note	2022-23	2021-22
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Parent Ministry/ SC/SAGA	6	0	0
Revenue from exchange transactions			
Interest income	7	273,401,642	83,162,753
Other income	8	88,700	80,000
Total revenue		273,490,341	83,242,753
Expenses			
Employee costs	9	0	0
Use of goods and services	10	42,511,041	47,762,315
Depreciation and amortization expense	11	3,914,734	3,593,734
Finance costs			
Total expenses		(46,425,775)	(51,356,049)
Other gains/losses			
Surplus/(deficit) before tax		227,064,566	31,886,704
Taxation			
Surplus/ (Deficit) after Tax		227,064,566	31,886,704

(The notes set out on pages 6 to 16 form an integral part of these Financial Statements).

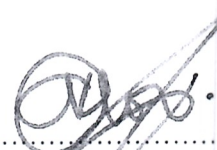
The financial statements were approved on 24th November, 2023.



FA Edna Atisa, HSC
Fund Administrator



CPA Justus M. Karuri
Fund Accountant
ICPAK M/No12380



Chris Kiptoo, PhD, CBS.
Chairperson of the Board

*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

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

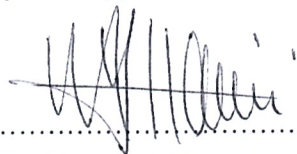
	Note	2022-23	2021-22
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	12	540,526,025	655,415,103
Receivables from exchange transactions			
Receivables from Non- exchange transactions			
Prepayments	10 b	1,060,049	
Inventory			
Investments in Financial Assets	14	3,297,608,664	3,038,908,366
Total Current Assets		3,839,194,738	3,694,323,469
Non-current assets			
Loanees	15	252,172,936	186,279,388
Property, plant, and equipment	13	13,466,894	16,311,628
Intangible assets			
Total Non-Current Assets		265,639,830	202,591,016
Total assets		4,104,834,568	3,896,914,485
Liabilities		0	0
Net assets			
Car loan revolving fund		3,847,500,000	3,847,500,000
Accumulated surplus (<i>Reserves</i>)		257,334,568	49,414,485
Total net assets and liabilities		4,104,834,568	3,896,914,485

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Fund financial statements were approved approved 24th November, 2023 and signed by:



FA Edna Atisa, HSC
Fund Administrator



CPA Justus M. Karuri
Fund Accountant
ICPAK M/No 12380.



Chris Kiptoo, PhD, CBS.
Chairperson of the Board.

16. Statement of Changes in Net Assets for the year ended 30th June 2023

	notes	Car Loan Fund Kshs.	Accumulated surplus Kshs.	Total Kshs.
As at 1 July 2021		3,847,500,000	17,527,781	3,865,027,781
Surplus/(deficit) for the period			31,886,704	31,886,704
Funds received during the year				
Interest capitalized*				
Transfers				
As at 30 June 2022		3,847,500,000	49,414,485	3,896,914,485
Balance as at 1 July 2022		3,847,500,000	49,414,485	3,896,914,485
Surplus/(deficit) for the period			227,064,566	227,064,566
Prior Year Adjustment	7b		(19,144,485)	(19,144,485)
Funds received during the year				
As at 30 June 2023		3,847,500,000	257,334,568	4,104,834,568

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

	Note	2022-23	2021-22
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from Parent Ministry/ SC/SAGA			
Interest received	7	16,267,133	14,185,913
Other income	8	88,700	80,000
Total receipts		16,355,833	14,265,913
Payments			
Employee costs			
Use of goods and services		(40,799,680)	(47,762,315)
Finance cost			
Total payments		(40,799,680)	(47,762,315)
Net cash flow from operating activities		(24,443,847)	(33,496,402)
Cash flows from investing activities			
Purchase of PPE and intangible assets	14(b)	(3,217,907,200)	(2,970,741,526)
Proceeds from sale of PPE	14	3,212,500,000	0
Proceeds from loan principal repayments	15	46,951,497	65,098,567
Loan disbursements paid out	15	(112,845,045)	(110,064,152)
Net cash flows used in investing activities		(71,300,748)	(3,015,707,111)
Cash flows from financing activities			
Receipts into the mortgage revolving fund			
Receipts into the car loan revolving fund			
Net cash flows used in financing activities			
Prior Year Adjustment- interest	7(b)	(19,144,484)	0
Net increase/(decrease) in cash and cash equivalents		(114,889,079)	(3,049,203,513)
Cash and cash equivalents at 1st July 2022		655,415,103	3,704,618,616
Cash and cash equivalents at 30 June		540,526,025	655,415,103

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Transfers from Parent Ministry	500,000,000	(500,000,000)	0	0	0	0
Interest income	343,000,000	(77,000,000)	266,000,000	273,401,642	(7,401,642)	95
Redemption of Treasury Bills	2,972,000,000	243,500,000	3,215,500,000	3,212,500,000	3,000,000	100
Loan Repayments, Principal	30,000,000	42,000,000	72,000,000	46,951,497	25,048,503	65
Other income	150,000	(50,000)	100,000	88,700	11,300	89
Total Revenue	3,845,150,000	(291,550,000)	3,553,600,000	3,532,941,839	20,658,161	99
Expenses						
Loan disbursement, Principal	534,500,000	384,500,000	150,000,000	112,845,045	37,154,955	75
Use of goods and services	79,570,000	(16,110,000)	63,460,000	42,511,041	20,843,019	67
Investment in Treasury Bills	2,972,000,000	248,021,526	3,220,021,526	3,216,837,200	3,184,326	100
Expenditure	3,586,070,000	616,411,526	3,433,481,526	3,372,193,286	61,182,300	98
Surplus for the period	259,080,000	(907,961,526)	120,118,474	160,748,553	(40,524,139)	

Budget notes

- Underperformance of loan disbursement was due to reduced levels of sensitizations due to continued Covid 19 controls.
- Underperformance on Use of goods and services was caused by lengthy procurement process which was completed late during the year.

19. Notes to the Financial Statements

1. General Information

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value and impaired assets at their estimated recoverable amounts. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New and Revised Standards

Early adoption of standards

The Fund did not early – adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

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 Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

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 for each period.

b. Budget information

The original budget for FY 2022/2023 was approved on 27th July, 2023. Subsequent revisions or additional appropriations were made to the approved budget on 31st May, 2023 in accordance with specific approvals from the Advisory Board. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to

amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c. Property, plant, and equipment (PPE)

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. 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.

e. Financial instruments

The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

I. Financial liabilities

Classification

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

f. 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.

g. Contingent assets

The 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 Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h. 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.

i. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Fund Managers, and Fund Accountant.

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 KCB bank 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. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. 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:

- i) The condition of the asset is based on the assessment of experts employed by the Fund

- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

There were no transfers from the parent ministry during the year.

7. Interest income

Description			2022-23	2021-22
			Kshs.	Kshs.
CBK Apportioned	2021/22	2022/23		
Lot 1	224,339,034	66,379,769	157,959,265	
Lot 2	18,229,440	2,597,071	15,632,369	
Lot 3	(3,250,000,000-2,982,590,000)*109/364 =80,076,071		254,363,098	68,976,840
Lot 4	(240,000,000-234,247,200)*11/91 days = 695,393			
KCB Bank			19,038,544	14,185,913
Total Interest Income			273,401,642	83,162,753

Distribution of KCB Interest

	Fixed Deposits interest	Loanee interest	Total
Actual Receipts	5,181,492	11,085,642	16,267,133
Administrative cost (at 1%)	0	2,771,410	2,771,410
Total Interest income	5,181,492	13,857,052	19,038,544

7(b) Prior Year Adjustment-Interest

Description	Reported	Actual	Variance
2019-2020	24,031,332	4,886,847	19,144,485
2020-2021	15,086,407	15,086,407	0
2021-2022	14,185,913	14,185,913	0
Total	53,303,652	34,159,167	19,144,485

Computation of Accumulated Surplus

Accumulated Surplus b/d	49,414,485
Less: Overstated Interest	<u>(19,144,484)</u>
Adjusted prior year surplus	30,270,001
Surplus this year	<u>227,064,566</u>
Accumulated Surplus	<u>257,334,567</u>

8. Other income

Description	2022-23	2021-22
	Kshs.	Kshs.
Application Fees	88,700	80,000
Total Other income	88,700	80,000

9. Employee Costs

There was no employee cost during the financial year 2022/2023

10. Use of Goods and Services

Description	2022-23	2021-22
	Kshs.	Kshs.
General office expenses	37,720,446	39,534,870
Board sitting allowance	315,000	849,000
Printing and stationery	1,605,435	7,369,730
Telephone and communication	72,000	0
Bank Charges	2,798,160	8,715
Total Other income	42,511,041	47,762,315

10b. Prepayments

The prepayment relates to tuition fees which was for a course commencing early in July 2023. There were no prepayments in F/Y 2021/2022

11. Depreciation and Amortization Expense

Depreciation is at 30% and 16.67% straight line for ICT and Motor Vehicles respectively. Detailed analysis is provided in note 13.

12. Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2022-23	2021-22
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
KCB BANK	1248068579-	6,567,500	
	1248074149-	31,667,798	
	1248076427-	0	
	1248072421-	0	
CBK	1000537876-	5,752,800	502,568,474
Sub- Total		43,988,098	516,019,651
On- Call Deposits- KCB		496,537,927	139,395,452
Grand Total		540,526,025	655,415,103

13. Property, Plant, and Equipment

Description	Motor vehicles	ICT Equipment	Total
	Kshs.	Kshs.	Kshs.
Cost			
At 1 st July 2021	20,100,381		20,100,381
Additions		810,000	810,000
At 30 th June 2022	20,100,381	810,000	20,910,381
At 1 st July 2022	20,100,381	810,000	20,910,381
Additions		1,070,000	1,070,000
At 30 th June 2023	20,100,381	1,880,000	21,980,381
Depreciation and impairment			
At 1 st July 2021	1,005,019		1,005,019
Depreciation for the year	3,350,734	243,000	3,593,734
At 30 th June 2022	4,355,753	243,000	4,598,753
At July 2022	4,355,753	243,000	4,598,753
Depreciation	3,350,734	564,000	3,914,734
Disposals			
At 30 th June 2023	7,706,487	807,000	8,513,487
Net book values			
At 30 th June 2022	15,744,629	567,000	16,311,629
At 30 th June 2023	12,393,895	1,073,000	13,466,895

14. Investment in Treasury Bills.

Description	FY2022/2023		FY2021/2022
	Kshs.	Kshs.	Kshs.
Cost			2,969,931,526
At 1st July 2021			
Accumulated Interest			68,976,840
At 30 th June 2022			3,038,908,366
At 1 st July 2022		3,038,908,366	
Redemption to Maturity			
14.03.2023	2,972,500,000		
09.05.2023	250,000,000	(3,212,500,000)	
Additions during the year	2,982,590,000		
	234,247,200	<u>3,216,837,200</u>	
		3,043,245,566	
Accrued Interest		<u>254,363,098</u>	
Closing Balance		<u>3,297,608,664</u>	3,038,908,366

(b) PPE and Treasury Bills at cost

PPE purchase at cost	1,070,000
Treasury Bills at cost	<u>3,216,837,200</u>
Total	<u>3,217,907,200</u>

15. Loan Principal Account

Description	FY2022/2023		FY2021/2022
	Kshs.	Kshs.	Kshs.
At 1st July		186,279,388	141,313,804
Additions during the year		112,845,045	110,064,152
At 30 th June		(252,172,936)	(186,279,388)
Repayments		46,951,497	65,098,568
Loan Principal Increment			
Balance c/d 30.06.2023		252,172,936	186,279,388
Balance b/d 30.07.2022		186,279,388	141,313,804
		65,893,548	44,965,584

16. 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:

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 Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

a) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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. To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

17. Events after the Reporting Period

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

18. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

19. Annexes

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

Annex II: Certificates of balances

Annex III: Inter-Fund confirmation Letter.

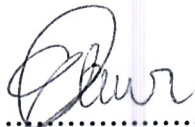
Annex IV: Reporting of Climate Relevant Expenditure.

Annex V: Reporting on Disaster Management Expenditure

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Para 18	Unsupported cash and cash equivalents	We are undertaking installation of an I.T system that shall be able to compute accrued interest for individual loanee accounts Realtime	Not resolved	30 th June 2024
Para 19	Low uptake of loans by State officers and Public officers	Intensive advertisement is being undertaken. We have now improved the uptake.	Resolved	N/A
Para 20	Budgetary Control and Performance	Performance levels have drastically been increased	Resolved	N/A



.....
FA Edna Atisa, HSC
Interim Chief Executive Officer
& Administrator of the Fund

Annex II

Certificates of Balances

Kencom House,
Moi Avenue,
P.O. Box 30081 - 00100.
Nairobi, Kenya.
Tel: +254 20 3270000,
2852000, 2851000
Mobile: +254 711012000/
734 108200

11TH SEPTEMBER 2023

THE NATIONAL TREASURY AND PLANNING
HARAMBEE AVENUE, TREASURY BUILDING
P.O. BOX 30007 - 00100,
NAIROBI, KENYA.

Dear Sir/Madam,

**REF: AUDIT CONFIRMATION FOR STATE AND PUBLIC OFFICERS -CAR LOAN A/C
1248069579, 1248072421, 1248074149, 1248076427.**

We refer to your letter dated 24TH July 2023 and enclose certificate of balance for the above account as at the close of business on 30th June 2023.

As security for advances to the company we hold the following: **NIL**

Bills outstanding in our books as at the same date were as follow: **-NIL**

Guarantees outstanding in our book on behalf of the company as at the same date aggregated to: **NIL**

Letters of credit outstanding in our books as at the above date amounted to Kes: **NIL**

We hold the following items in our safe custody: **NIL**

The call deposit balances as at the above date were:

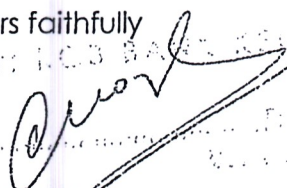
TRANSACTION REF	PERIOD	INTEREST RATE (%)	PRINCIPAL AMOUNT (KES)
MM19309F21M3	05/11/19 - 0 CALL	@ 3.00 %	496,537,927.42
MM21292TPJN	19/10/21 - 0 CALL	@ 4.00 %	252,172,936.31

The following is a list of account authorized signatories: -

EDNA NYABOKE ATISA	JUSTUS MAINA KARURI
HIRAM MWANGI KAHIRO	

The under noted-accounts were closed since the last audit: **NIL** ———

Yours faithfully


LEAH CHOGE
BRANCH MANAGER-MOI AVENUE

LEAH CHOGE
BRANCH MANAGER-MOI AVENUE

KCB Bank Kenya Limited

Directors: L. M. Njiru (Chairman); P. R. Russo; C.S. – National Treasury; S. K. Rono; Ms. N. Onyango;
Mrs C. Okongo; J. W. Muigai; Ms. E. Nyala; Ms. D. K. Ntwiga; Mrs A. C. Kimitai



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Certificate Reference: CERT2321300093

Account Number :1248069579

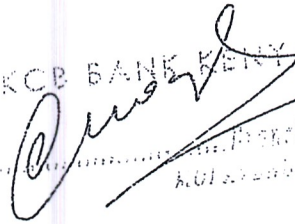
Account Name: STATE OFFICERS MCL - FUND DEPOSIT

Certified that the balance at close of Business of 30 JUN 2023 was CREDIT KES 6,567,500.15
Amount in words: CREDIT KES SIX MILLION FIVE HUNDRED AND SIXTY SEVEN THOUSAND FIVE
HUNDRED= CENTS FIFTEEN ONLY

Examined By

FOR KCB BANK KENYA LTD.

Manager Service Quality & Compliance

FOR KCB BANK KENYA LTD.

Branch Manager



Kencom House,
Moi Avenue,
P.O. Box 30081 - 00100,
Nairobi, Kenya.
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2852000. 2851000
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734 108200

Certificate Reference: CERT2320900036

Account Number :1248074149

Account Name: STATE OFFICERS MCL -RECURRENT AC

Certified that the balance at close of Business of 30 JUN 2023 was CREDIT KES:
39,141,415.41

Amount in words: CREDIT KES THIRTY NINE MILLION ONE HUNDRED AND FORTY ONE
THOUSAND FOUR
HUNDRED AND FIFTEEN= CENTS FORTY ONE ONLY

Examined By

KCB BANK KENYA LTD.
[Signature]
Manager Service Quality & Compliance
MOI AVENUE, NAIROBI

Manager Service Quality & Compliance

KCB BANK KENYA LTD.
[Signature]
Branch Manager

Branch Manager

KCB Bank Kenya Limited

Directors: L. M. Njiru (Chairman); P. R. Russo; C.S. – National Treasury; S. K. Rono, Ms. N. Onyango;
Mrs. C. Okongo; J. W. Muigai; Ms. E. Nyala; Ms. D. K. Ntwiga Mrs. A. C. Kimtai

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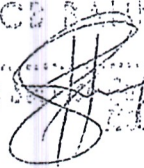
Certificate Reference: CERT2321300091

Account Number :1248076427

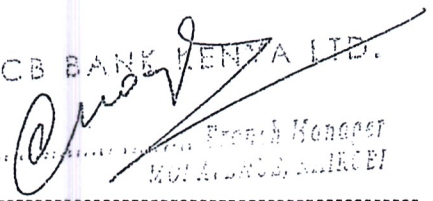
Account Name: STATE OFFICERS MCL -LOAN REPAYMENT

Certified that the balance at close of Business of 30 JUN 2023 was CREDIT KES 0.00
Amount in words: CREDIT KES ZERO= CENTS ZERO ONLY

Examined By

For: KCB BANK KENYA LTD.
Manager,  Capacity & Compliance
Moi Avenue, Nairobi

Manager Service Quality & Compliance

For: KCB BANK KENYA LTD.
 Branch Manager
Moi Avenue, Nairobi

Branch Manager

Kencom House,
Moi Avenue,
P.O. Box 30081 - 00100,
Nairobi, Kenya.
Tel: +254 20 3270000,
2852000, 2851000
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734 108200

Certificate Reference: CERT2321300086

Account Number :1248072421

Account Name: STATE OFFICERS MCL -LOAN DISBURSMEN

Certified that the balance at close of Business of 30 JUN 2023 was CREDIT KES 0.00

Amount in words: CREDIT KES ZERO= CENTS ZERO ONLY

Examined By

FOR: KCB BANK KENYA LTD.
[Signature]
Manager, Service Quality & Compliance

Manager Service Quality & Compliance

FOR: KCB BANK KENYA LTD.
[Signature]
Branch Manager
KCB BANK KENYA LTD.

Branch Manager

Noted
18/7/23

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 3340192

July 18, 2023

CERTIFICATE OF BALANCES

Customer : 100094

Balance

Date: 30-Jun-23

MINISTRY OF FINANCE

Account No	Account Name	Currency	Balance
1000000977	TREASURY BILLS ACCOUNT	KES	0.00
1000000988	TREASURY BONDS ACCOUNT	KES	1,829,198,744.80
1000000996	REVENUE DEPOSIT ACCOUNT	KES	8,669,542,680.36
1000004053	TREASURY BONDS REDEMPTION	KES	138,700,000.00
1000004061	TREASURY BONDS INTEREST	KES	30.68
1000181467	RFC-THE NATIONAL TREASURY	KES	1,141,462,368.67
1000181664	DEV-THE NATIONAL TREASURY	KES	17,321,113.65
1000182137	DEP-THE NATIONAL TREASURY	KES	205,577,249.15
1000004088	TREASURY BILLS REDEMPTION SUSP.	KES	0.00
1000187506	MICRO FINANCE SEC SUP CR-CAP BLDG	KES	90,491,999.30
1000201924	VOLUNTARY PAY CUT	KES	2,019,245.00
1000237872	FINANCIAL SEC.SUPP.PRJ-IDA 56270-KE	KES	0.00

Customer : 100133

Balance

Date: 30-Jun-23

ACCOUNTANT GENERAL -
TREASURY

Account No	Account Name	Currency	Balance
1000122501	GOVERNMENT OVERDRAFT ACCOUNT	KES	-76,456,927,038.09

NATIONAL TREASURY

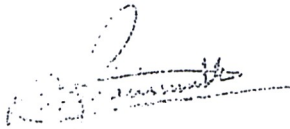
Balance
Date: 30-Jun-23


Account No	Account Name	Currency	Balance
1000204378	REC-PUBLIC DEBT	KES	1,484,306,326.95
1000204419	REC-SALARIES ALLOWA MISC AND N3SSFC	KES	4,718,125.15
1000205024	PETROLEUM DEVELOPMENT LEVY FUND	KES	3,359,751,874.85
1000262743	AFRICAN INSTITUTE FOR REMITTANCES	KES	1,127,569.60
1000325876	A U OTHER INTERNAT. ORG SUBSC FUND	KES	5,395,594,231.51
1000331747	GREEN GROWTH AND EMPLOY CREATION PR	KES	5,000,000.00
1000349533	PPP PROJECT FACILITATION FUND ACC.	KES	402,138,675.00
1000368537	INFRASTRUCTURE FIN AND PUB PART PR	KES	279,616,439.85
1000221518	KENYA PETROLEUM TECHNICAL ASS PROJ	KES	0.00
1000409018	INFRAST FINANCE AND PPP-CAT. 2EEP	KES	617,330,847.80
1000447575	KEN. FINANCING LOCALLY LED CLIMATE	KES	56,415,173.20
1000473851	PUBLIC DEBT MANAGEMENT SUPPORT PROJ	KES	1,621,344.20
1000476858	CREDIT GUARANTEE SCHEME ACCOUNT	KES	3,060,000,000.00
1000484575	FINANCIN LOCAL-LED CLIMATE ACTION B	KES	2,251,259.20
1000516534	GREEN CLIMATE FUND READINESS PROJ	KES	17,713,356.00
1000521337	AFFORDABLE HOUSING FINANCE PROJ	KES	15,076,135.85
1000523077	ADDITIONAL TREASURY CAPACITY STRA	KES	1,501,512.30
1000591077	SUPPORTING ACCESS TO FIN & ENT RECO	KES	126,191,853.25
1000591077	SUPP ACCESS TO FIN ENTERP RECOV A	KES	0.00
1000591137	EU KENYA COOPERATION AND PARTNERSHI	KES	0.00
1000709607	SUPP ACCESS TO FIN ENTERP RECOV B	KES	0.00

STATE OFF AND PUB OFF
CAR LOAN SCH

Customer: 152575
Balance
Date: 30-Jun-23

Account No	Account Name	Currency	Balance
1000537876	STATE OFF AND PUB OFF CAR LOAN SCH	KES	5,752,800.00


Priscilla Keltany (Mrs)
Authorised Signatory
Banking Services Division


Joyce Nasale
Authorised Signatory
Banking Services Division

Annex III: Inter-Fund Confirmation Letter


The State Officers and Public Officers Motor Car Loan Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by State Officers and Public Officers Motor Car Loan Scheme Fund as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by State Officers and Public Officers Motor Car Loan Scheme Fund (Kshs) as at 30 th June 2023			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
N/A	N/A	Nil	Nil	Nil	Nil	Nil	

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

Head of Accountants department of beneficiary Fund:

Name JUSNIS W. KAROLI Sign  Date 24/11/2023

*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

Annex IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners
N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	N/A	N/A

*State Officers and Public Officers Motor Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

Annex V : Reporting on Disaster Management Expenditure

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

