

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF NYERI CAR LOAN
AND MORTGAGE (STAFF) SCHEME FUND**

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

PAPERS LAID	
DATE	27.02.24
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	C. CHEROP



COUNTY ASSEMBLY OF NYERI

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) 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)



**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023**

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COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
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1. Key Entity Information and Management

a) Background information

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. Section 167 of the Public Finance Management (PFM) Act 2015 mandates the administrator of public funds with the preparation of annual financial statements.

The Fund is wholly owned by the County Assembly of Nyeri and is domiciled in Kenya.

The fund's objective is to provide Mortgage and Car loans to Staff of the County Assembly

Principal Activities

The Fund's principal activity is to offer subsidized loans to Staff of the County Assembly.

Vision

"The fund of choice for Staff of County Assembly"

Mission

"To provide affordable, accessible and sustainable car loans to Staff of County Assembly"

Core Values

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

b) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Francis Kabui Kariuki	Chairman
2	Jernard Mwiggeh	Fund Administrator
3	Eustace M Kingori	Fund Manager
4	Peter Mama Karuru	Member
5	Seolastica Wambui	Member
6	Josiah Mochenge Wahinya	Member
7	Denis Omangi	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

c) Key Management

Ref	Name	Position
1	Francis Kabui Kariuki	Chairman
2	Jernard Mwiggeth	Fund Administrator
3	Eustace M Kingori	Fund Manager
4	Peter Maina Karuru	Member
5	Scola Wambui	Member
6	Josiah Mathenge Wahinya	Member
7	Denis Omangi	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

a) Registered Offices

P.O. Box 162 – 10100

County Assembly Building
Nyeri Nairobi Road
Nyeri, KENYA

b) Fund Contacts

Tel No.0612037100

c) Fund Bankers

Family Bank
Head Office
P.O. Box 74145 - 00200
Muindi Mbingu Street

Thro. Nyeri Branch

d) Independent Auditors

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

e) Principal Legal Adviser

Director Legal Services
County Assembly Headquarters
Off Nyeri-Karatina–Nairobi Highway
Ruringu
P.O. Box 162
Nyeri

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

2. The Board of Trustees (or any other governing body for the Fund)

Ref	Name	Position
1	Francis Kabui Kariuki	Chairman
2	Jernard Mwiggeh	Fund Administrator
3	Eustace M Kingori	Fund Manager
4	Peter Maina Karuru	Member
5	Seolastica Wambui	Member
6	Josiah Mathenge Wahinya	Member
7	Denis Omangi	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

3. Management Team

Ref	Name	Position
1	Francis Kabui Kariuki	Chairman
2	Jernard Mwiggeh	Fund Administrator
3	Eustace M Kingori	Fund Manager
4	Peter Maina Karuru	Member
5	Seolastica Wambui	Member
6	Josiah Mathenge Wainiya	Member
7	Denis Omangi	Member

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

4. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the Car Loan and Mortgage committees, financial statements for the year ended 30th June, 2023. 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.

Review of performance

Income

The fund earned income amounting to Kshs.3, 932,128 from interest earned on loans.

The performance was also attributed to a favourable opening cash balance of Kshs. 2,905,133 at the beginning the financial year.

Expenditures

The total expenditures during the period amounted to Kshs. 3,718,647 these is composed of interest paid to Bank for managing the funds amounting to Kshs.1,206,084 and Bank charges amounting to Kshs.6,000 hospitality Kshs. 495,170 and fridge benefit of Kshs. 2,011,393.

Future outlook

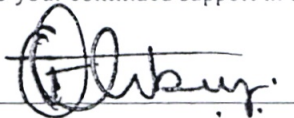
The outlook of the Fund for FY 2023/2024 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Assembly and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly, development partners, stakeholders, management, staff and the Car Loan and Mortgage committees for their continued support which made us achieve these results.

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

Signed: _____



Francis Kariuki

Chairperson

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

5. Report of the Fund Administrator

It is my pleasure to present the County Assembly of Nyeri Car Loan and Mortgage financial statements for the year ended June 30th 2022. The financial statements present the financial performance of the fund over the past year. The fund was established on 1st May 2017. The fund was operationalized in the financial year 2018-2019 when amount of Kshs.22,818,125 was received from the exchequer. Further amount of Kshs.20, 200,000 was received from the exchequer in the subsequent financial year. In the financial year ended June, 2019 the Fund received additional fund amounting to Kshs.40, 000,000. In the year ended 30th June, 2021 the fund received an additional funding amounting to Kshs.30, 000,000. In the Year under review the Fund kitty received an amount of Kshs.9, 375,000. The Mortgage Committee has disbursed Loans to 31 beneficiaries' amounting to Kshs.148, 191,812 .The Fund continues to receive new applications throughout the financial year which will be funded through the funds received from repayment of loans issued.

During the financial year 2022/23, the fund disbursed Kshs. 18,350,000 new loans bringing the total loan disbursed to beneficiaries to date to KSh. 148, 191,812.

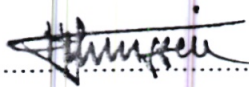
Cash flows

In the FY 2022/2023, we have experienced liquidity disruptions due to budget re-allocations for funds meant to boost the Fund. This resulted denying/delaying our members accessing loans in time.

Conclusion

FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable County Assembly of Nyeri Car Loan & Mortgage fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

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



Jenard Mwiggeh

Fund Administrator

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

5. Statement of Performance against the County Fund's Predetermined Objectives
Introduction

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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the County Government Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund's performance against predetermined objectives.

Staff Capacity building and development to support the Assembly in the Nyeri County Assembly strategic plan 2019-2023 plans are to:

Housing for officers of the Assembly

Provision of vehicles for staff and Members'

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage Loans	Housing for officers of the Assembly	Number of mortgage loans applied	Completed houses by June 2023	Increase in number of staff owning houses
Provision of Car Loans	Provision of vehicles for staff and Members	Number of car loans applied	Cars bought	Increase in number of staff owning vehicles by June 2023

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

6. Corporate Governance Statement

During the year under review, the Car loan and Mortgage Committee held 14 meetings which were attended by all the seven members of the committee.

The officer administering the Fund shall be an ex-officio member of the Committee and the secretary to the Committee

Roles and functions of the Administration Committee members are as follows;

- The Committee shall administer the Fund and shall review applications for loans in accordance with the existing terms and conditions of borrowing.
- Notwithstanding Sub-regulation above, the Board may, if it considers it appropriate to do so, appoint a mortgage institution to administer the Fund.
- The Committee may appoint a secretariat from among the staff members to attend its meetings and assist it with its operations. Process and approve loans in accordance with these regulations;
- liaise with the financial institution where necessary to set up a Fund for the disbursement of the loans;
- oversee the management of the Fund;
- monitor and evaluate the performance of the Fund;
- approve annual work programmes and procurement plans for the Fund;
- recommend the investment of any surplus funds not immediately required in securities approved by the Board, for the purposes of realizing the objects and purpose for which the Fund is established;
- Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Fund;
- receive any gifts, donations, grants or endowments made to the Fund;
- 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
- perform any other functions that are ancillary to the objects and purpose for which the Fund is established; and
- Determine its own procedures for conducting its business.

The committee regularly attends induction training as well as benchmarking with other County Assembly on how best to administer the fund. Member's performance is evaluated on annually basis through self-assessment and Chairman Assessment. Before the start of the committee meetings members. are required to declare whether they have conflict of interest on any of the agenda before the start of the meeting. The Committee remuneration is catered for through interest generated by the fund. The fund is regularly audited every end of financial year by the office of the Auditor General.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

7. Management Discussion and Analysis

The Car Loan & Mortgage Committee is established under the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017. It is composed of the following members;

- a) The Deputy Clerk of the County Assembly who shall be the Chairperson;
- b) The Clerk of the County Assembly who shall be the fund administrator
- c) Head of Human Resource and Administration who shall be the Vice Chairperson;
- d) The Principal Legal Counsel of the Assembly;
- e) One officer from the Department of Finance who shall be the fund manager;
- f) The Internal Auditor of the County Assembly;
- g) One member of staff of the Assembly elected by all staff who shall not be below CASB 8

The committee is guided and operates within the established regulations to perform its functions. However, major risks faced by the fund are lack of adequate funding from the exchequer due to limited resources which has greatly affected the availability of funds set aside in the approved budget.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

8. Environmental and Sustainability Reporting

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund exists to transform Staff welfare. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Nyeri County Assembly pillars: putting the staff first, delivering services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has well established a management committee, This Committee ensures that the welfare of the staff comes first through following the guidelines as per stipulated in the Funds Regulations.

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has in place Regulations that guide the management in executing its mandates.

Environmental performance

The organization does not have an environmental policy to guide the organization. However The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is guided by the national Kenya national environment policy 2013, the policy provides a framework for an integrated approach to sustainable management environment and natural resources

Employee welfare

The County Assembly of Nyeri County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is guided by the constitution of Kenya chapter 226 in matters concerning employment. The management ensures that applicant for Loans is done on first come basis.

Market place practices-

In regards to the above matter, the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund being part of the County Assembly of Nyeri, Follows and adheres to the following;

a) Generally, the Assembly operates in a highly political environment on a day-to-day basis. However, despite the influence this can have in operations, the institution sees to it that procedures are followed and this ensures that there are no issues with bodies like the EACC. The Assembly competes fairly on all aspects as situations may demand responsible competition practice.

b)The County Assembly of Nyeri maintains an updated list of Registered Suppliers. The list is developed competitively by placing an advert in the dailies and having all interested bidders submits their tender. This then goes through an evaluation process which ensures the qualified suppliers are shortlisted for the stated period. The list is further developed on a continuous basis as provided for the in PPAD 2015 Act. The Assembly ensures that payments to suppliers are done in good time; on a first come, first served basis

c) Whenever the Assembly requires running an advertisement, it does so either on the dailies with a wide circulation in the Country or via its website. This ensures that the advertisement reaches a wide population as it should without any agenda to withhold information from reaching any particular group.

d) The Assembly is among other duties, charged with the responsibility of serving the electorate. Thus, it ensures that whatever engagements it is involved in on a day-to-day basis, the interests of the electorate come first. Product stewardship- outline efforts to safeguard consumer rights and interests

Community Engagements-

Nyeri Car Loan and Mortgage (Staff) Scheme Fund has not budgeted for corporate social responsibly; this was informed by the council of budget that county assemblies should not be involved in the CSP activities because there is a very likelihood that may easily conflict with assembly oversight role. While on the other hand the office of the controller of the budget also felt that CSP activates could also be used to gain political mileage to the detriment of the Assembly's mandate of representation')

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

9. Report of the Trustees

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

Principal activities

The principal activities of the Fund are offer subsidized loans to Staff of the County Assembly

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 16 to 21.

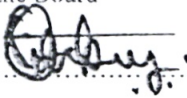
Trustees

The members of the Board of Trustees who served during the year are shown on page 2 to 3. There were no changes in the Board during the financial year:

Auditors

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

By Order of the Board


.....

Chair of the Board/Fund Administration Committee

Date:

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 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, 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 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 (Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017). 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.

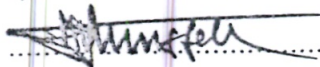
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the 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

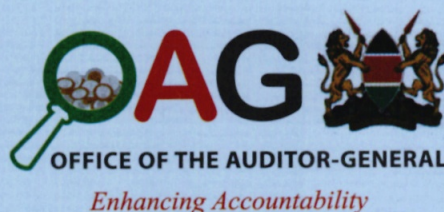
The Fund's financial statements were approved by the Board on 23/11 2023 and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund set out on pages 16 to 50, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

The cash flow statement had disclosure and explanatory Notes missing for the following components:

- i. Interest received - Kshs.3,618,251,
- ii. Other receipts - Kshs.235,297,
- iii. Fund administration expenses - Kshs.3,207,254.
- iv. Proceeds from loan principal repayments- Kshs.8,765,337
- v. Loan disbursements paid out – Kshs.18,350,000
- vi. Revolving fund receipts - Kshs.9,375,000

In the circumstances, the accuracy and completeness of the financial statement balances could not be confirmed.

2.0 Long Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from the exchange transactions of Kshs.121,201,987 for the period ending 30 June, 2023. However, according to the supporting documentation, the year of current portion of long-term receivables is Kshs.121,401,392, resulting in an unexplained and unreconciled variance of Kshs.199,405

In addition, the current portion of long-term receivables from the exchange transactions and the Interest Income was adjusted upwards by Kshs.313,878 in the revised financial statements. However, the adjustments were not supported with approved journals, revised ledger and supporting schedules.

In the circumstances, the validity and accuracy and completeness of the current portion of long-term receivables from the exchange transactions of Kshs.121,201,987 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.11(66) dated 6 July, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unremitted Fringe Benefits Taxes

The statement of financial position for the year ended 30 June, 2023, reflects trade and other payables balance of Kshs.1,921,455 and as disclosed under Note 17 to the financial statements which relates to accrued fringe benefits which had been not remitted to Kenya revenue Authority (KRA). Included in this balance is Kshs.405,366 penalties charged by Kenya Revenue authority for failure to remit the fridge benefits to Kenya Revenue

Authority. This is contrary to Regulation 22(2)(a) of the Public Finance Management (County Governments) Regulations, 2015, which requires Accounting Officers to comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Internal Controls and Governance Issues

a) Failure to Develop a Risk and Fire Management Strategy

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

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

b) Absence of Internal Audit Function

During the year under review, the Fund did not have an internal audit function and the requisite audit charter and workplans. Although the management argued that the Fund entirely uses the County Assembly internal audit department, there was no evidence that the said department conducted any audit for the fund since its inception.

In the circumstances, the ability of the Fund to evaluate internal control weaknesses and risks in its operations could not be confirmed.

c) Lack of a Finance and Accounting Policy Manual

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

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

d) Information, Communication and Technology (ICT) Environment

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

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

2.0 Weak Controls in Cash Management

Review of the Fund's cash books and other accounting records revealed the following cash and cash equivalents control weakness;

- i. Clear description of receipts and payments and posting of entries are not done in the cashbooks.
- ii. The Fund does not prepare payment vouchers and all its entries are apparently based on bank statement entries. This also poses challenges in detection of errors, omissions or any irregularities committed by the bank/staff.
- iii. There was no evidence of reconciled reports sent to relevant authorities on timely basis as required by the law.
- iv. The Fund has no software system and has not adopted the one for the Nyeri County Assembly. All its cashbooks are manual (excel) and are prone to errors and possible manipulations of figures and balances brought forward.

In the circumstances, the effectiveness of the internal controls in regard to cash and treasury management practices could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund 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 the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

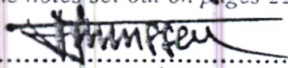
30 January, 2024

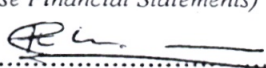
COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	3,932,128	3,010,123
Other Income	5	235,297	0
Total Revenue		4,167,425	3,010,123
Expenses			
Employee Costs	6	0	0
Use of goods and services	7	3,718,647	2,805,069
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	0	0
Total Expenses		3,718,647	2,805,069
Other Gains/Losses		0	0
Gain/Loss on Disposal of Assets	10	0	0
Surplus/(Deficit) For The Period		448,778	205,053

(The notes set out on pages 22 to 49 form an integral part of these Financial Statements)


 Name: **Jumaat N. Mwiseli**
 Administrator of the Fund

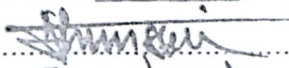

 Name: **Eustace M. King'ara**
 Fund Accountant
 ICPAK Member Number: **15953**

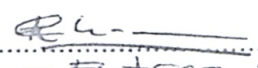
COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Financial Position as at 30 June 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	3,341,764	2,905,133
Current Portion of Long- Term Receivables From Exchange Transactions	12	121,201,987	111,230,177
Interest Receivable	12		
Prepayments	13		
Inventories	14		
Non-Current Assets		124,543,752	114,135,311
Property, Plant and Equipment	15		
Intangible Assets	16		
Long Term Receivables from Exchange Transactions	12	0	0
Total Assets		124,543,752	114,135,311
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	1,921,455	1,336,792
Provisions	18		
Current Portion of Borrowings	19		
Employee Benefit obligations	20		
Non-Current Liabilities			
Non-Current Employee Benefit obligation	20		
Long Term Portion of Borrowings	19		
Total Liabilities		1,921,455	1,336,792
Net Assets		122,622,297	112,798,519
Revolving Fund		122,389,122	113,014,122
Reserves			
Accumulated Surplus(Deficit) for the year		233,175	(215,603)
Total Net Assets and Liabilities		122,622,297	112,798,519

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund financial statements were approved on 23/11 2023 and signed by:

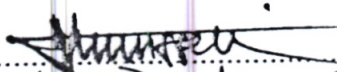

Name: Francis N. Mung'echi
Administrator of the Fund



Name: Eustace M. Kingari
Fund Accountant
ICPAK Member Number: 15953

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2020	113,014,122	0	420,657	112,593,465
Surplus/(deficit) for the period			205,053	205,053
Funds received during the year	0		0	0
Revaluation gain (accrued exp of fridge benefits)			0	0
Balance as at 30 June 2021	113,014,122	0	(215,603)	112,798,519
Balance as at 30 June 2022	113,014,122	0	(215,603)	112,798,519
Surplus/(deficit) for the period			448,778	448,778
Funds received during the year	9,375,000		0	9,375,000
Revaluation gain (accrued exp of fridge benefits)			0	0
Balance as at 30 June 2023	122,389,122	0	233,175	122,622,297


Name: James N. Njiru
Administrator of the Fund



Name: Eustace W. Kingari
Fund Accountant
ICPAK Member Number: 15953


COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Cash Flows for the Year Ended 30th June, 2023

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cashflowsfromoperatingactivities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received		3,618,251	3,010,123
Receipts from other operating activities		235,297	0
Total receipts		3,853,547	3,010,123
Payments			
Fund administration expenses		3,207,254	2,725,899
General expenses		0	0
Financecost			0
Other payments			
		3,207,254	2,725,899
Net cashflows from operating activities	21	646,294	284,224
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangibleassets			
Proceedsfromsaleofproperty,plant& equipment			
Proceeds from loan principal repayments		8,765,337	8,650,596
Loan disbursements paid out		(18,350,000)	(39,820,000)
Netcashflowsusedininvestingactivities		(9,584,663)	(31,169,404)
Cashflowsfromfinancingactivities			
Proceeds from revolving fund receipts		9,375,000	
Additional borrowings			
Repayment of borrowings			
Net cashflows used in financing activities		9,375,000	
Net increase/(decrease) in cash & cash Equivalents		436,631	(30,885,181)
Cash and cash equivalents at 1july	11	2,905,133	33,790,314
Cash and cash equivalents at30 June	11	3,341,764	2,905,133

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2023


Name: Jervan N. Mwigale
Administrator of the Fund


Name: Erickson Mwangi
Fund Accountant
ICPAK Member Number: 15953

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Comparison of Budget and Actual Amounts for the Period

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% Utilisation	
	2022	Kshs	2022	Kshs	2022	Kshs	2022	Kshs	2022	Kshs	2022	%
Revenue												
Public Contributions and Donations												
Transfers From County Govt.												
Interest Income	3,932,128				3,932,128		3,932,128		0			100%
Other Income												
Total Income	3,932,128				3,932,128		3,932,128		0			100%
Expenses												
Fund Administration Expenses												
General Expenses												
Finance Cost	0				0		0		0			100%
Total Expenditure	3,932,128				3,932,128		3,932,128		0			100%

17. Notes to the Financial Statements

1. General Information

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017 from. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is wholly owned by the Nyeri County Government and is domiciled in Kenya. The County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's principal activity is – issuing subsidized Car Loan and Mortgage Loans to staff members.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p>

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
	<p>Effective date and impact:</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. \</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund's 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 applied this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 7th June 2022 – the Nyeri County Budget Estimates for the financial year 2022/23. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund received amounting Kshs.9, 375,000 additional appropriations on the FY 2022-2023 budget following the governing body's approval.

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

Summary of Significant Accounting Policies (Continued)

e) 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund assesses at each reporting date whether there is objective evidence that a financial asset or a County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund of financial assets is impaired. A financial asset or a County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund 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 cashflows of the financial asset or the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

Summary of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund.

c) Provisions

Provisions are recognized when the County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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 County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme 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 County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme 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.

d) Nature and purpose of reserves

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund creates and maintains reserves in terms of specific requirements. *County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund to state the reserves maintained and appropriate policies adopted.*

e) Changes in accounting policies and estimates

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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.

f) Employee benefits– Retirement benefit plans

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund does not provide retirement benefits for its employees and directors.

g) Foreign currency transactions

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

Summary of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund regards a related party as a person or a County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund with the ability to exert control individually or jointly, or to exercise significant influence over the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

j) Cash and cash equivalents

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

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund is a County Public Fund established by County Assembly of Nyeri and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. Section 167 of the Public Finance Management (PFM) Act 2015-. Its ultimate parent is the County Government of Nyeri.

n) Currency

The financial statements are presented in Kenya Shillings (Kshs) *Summary of Significant Accounting Policies (Continued)*

5. Significant judgments and sources of estimation uncertainty

The preparation of the County Assembly of Nyeri Car Loan And Mortgage (Staff) 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.

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
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State all judgements, estimates and assumptions made e.g.

a) **Estimates and assumptions** – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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:

- The condition of the asset based on the assessment of experts employed by the County Assembly of Nyeri Car Loan And Mortgage (Staff) Scheme Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

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

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

6. Notes to the Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
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3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income From Mortgage Loans	3,932,128	3,010,123
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	3,932,128	3,010,123

The interest income reported was earned from loans issued to staff members.

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	235,297	-
Total Other Income	235,297	-

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2023

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs		33,075
Administration Fees	1,206,084	1,003,374
Committee Allowances	495,170	539,500
Bank Charges	6,000	9,120
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		
Postage And Courier		
Printing And Stationery		
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
Bank Charges		
Audit Fees		
Provision For Doubtful Debts		
Other (<i>Fridge Benefits</i>)	2,011,393	1,220,000
Total	3,718,647	2,805,069

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On BankOverdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2023

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Main Account	12,511	1,247,111
Collection Account	1,832,685	576,051
Interest Account	1,496,569	1,081,971
On – Call Deposits	0	0
Current Account	0	0
Others	0	0
Total Cash And Cash Equivalents	3,341,764	2,905,133

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
Family Bank-Nyeri	055000045389	12,511	1,247,111
Family Bank-Nyeri	055000047206	1,832,685	576,051
Family Bank-Nyeri	055000047205	1,496,569	1,081,971
		0	0
		0	0
		0	0
Totals		3,341,764	2,905,133
Equity Bank - Etc.		-	-
Sub- Total		-	-
a) Current Account			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
b) Others (Specify)			
Cash In Transit		-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
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Cash In Hand	-	-
Sub- Total	-	-
Grand Total	-	-

12. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	367,136	30,907
Current Loan Repayments Due	42,228	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables	409,365	30,907
Non-Current Receivables		
Long Term Loan Repayments Due	120,792,623	111,199,270
Total Non- Current Receivables	120,792,623	111,199,270
Total Receivables From Exchange Transactions	121,201,987	111,230,177

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year		30,907
Current loan repayments due		
Current portion of long-term loans from previous years	111,199,270	80,000,192
Accrued principal from long-terms loans from previous periods	111,199,270	80,000,192
Current portion of long-term loans issued in the current year	18,350,000	39,820,000

13. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2023

14. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
ConsumableStores	-	-
SparePartsAndMeters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
TotalInventoriesAtTheLowerOfCostAndNetRealizableValue	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

15. Property, plant and equipment

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30 th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021	(-)	(-)	(-)	-	(-)
Depreciation	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Impairment	-	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	(-)

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND Annual Report and Financial Statements for the year ended June 30, 2023

At 30 th June 2022	-	-	-	-	-
Net Book Values					
At 30 th June 2021	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

16. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables (Paye on Comm. allow)		79,170
Refundable Deposits		0
Accrued Expenses (Fridge Benefits)	1,921,455	1,257,622
Other Payables		
Total Trade And Other Payables	1,921,455	1,336,792

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due To Discount And Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

19. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings	-	-
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
 FUND Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	646,294	284,224
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables	-	-
Net Cash Flow From Operating Activities	646,294	284,224

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case - Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund'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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund'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 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has significant concentration of credit risk on amounts due

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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's short, medium and long-term funding and liquidity management requirements. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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.

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Kshs	Other currencies Kshs	Total Kshs
At 30 June 2022			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme 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.

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Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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

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 County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

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18. Progress on Follow up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2019/2020 Unsupported Revolving Fund	Statement of change in assets for the year ended 30 th June, 2020 reflects revolving fund brought forward balance of kshs.43,013,123 as at 1 July, 2019 which received in fy 2018/2019. However, the balance was not supported by comparative balances for 2018/2019 in the statement of financial position as at 30 th June, 2020. As result the validity, completeness and accuracy of revolving fund brought forward balance of ksh. 43,013,123 could not be confirmed.		<i>Resolved</i>	
2019/2020 Failure to maintain mortgage protection and fire policy insurance	The statement of financial position reflects current portion of long term receivables transactions balance of Kshs.57,606,263 as at 30 th June, 2020. These long-term receivables relate to housing mortgage loans totalling Kshs.61,451,812 issued to twenty(20) applicants between 8 th April, 2019 and 4 th March, 2020. However, the fund management has not made any arrangements for mortgage protection and fire policy insurance cover contrary to Regulation(staff)fund regulation 14(1) of the Nyeri County Assembly	The mortgage protection and fire policy insurance cover is in place.	<i>Resolved</i>	

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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)
	car loan and mortgage scheme(staff) fund regulations,2017.			
STAFF SCHEME FUND PRIOR YEAR MATTERS 2022, JUNE				
1. Non-Remittance of Fringe Benefit Tax	<p>The statement of financial position reflects trade and other payables from exchange transactions balances of ksh 1,336,792,02 as indicated in Note 17 to the Financial statements, which includes fringe benefits tax payable to Kenya Revenue Authority (KRA) of Kshs. 1,257,622. However, the accrued fringe benefit tax of Kshs. 1,257,622 includes accrued penalties and interest amount of ksh 423,312 which has remained outstanding for a long period, since inception of the fund. This has led to delayed remittance of fringe benefits tax which will result to additional costs in terms of penalties and interest. No satisfactory explanation was provided for failure to remit the fringe benefits tax to KRA on time</p>	<p>The management wants to state that the remittance of fringe benefits taxes to Kenya Revenue Authority had posed a challenge during the inception of the fund, however through non-formal consultations with Kenya Revenue Authority, the management has come up with a plan to be remitting outstanding dues and wishes to assure the debts will be cleared with the current financial year.</p>	Not resolved	30 th June 2024
2.0 Failure to Prepare Budget for the Fund	The statement of Comparison of Budget and actual amounts for the year under review	The Management wants to state that the County Assembly of Nyeri had in place an	Not resolved	

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 FUND)

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>reflects a final revenue and expenses budget amounting to Kshs. 3,010,123 and Kshs. 2,725,899 respectively. However, the management of the fund did not operate with an approved budget contrary to the provision of Section 149 (2h) of the Public Finance Management Act, 2012, which requires the Accounting Officer to prepare estimates of expenditure of the entity in conformity with the strategic plan. In the circumstances, Management of the Fund was in breach of the law.</p>	<p><i>approved budget for the financial year 2021-2022. This budget caters for all the activities of the County Assembly of Nyeri, where the County Assembly of Nyeri Car Loan and Mortgage (Members) Scheme Fund is one the activities.</i></p>		

