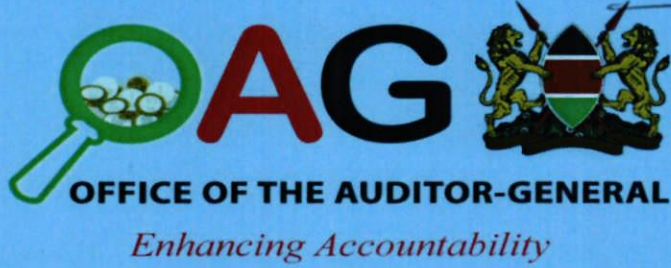


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OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
 30 JUNE, 2019**



OFFICE OF THE AUDITOR GENERAL
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KAJIADO COUNTY ASSEMBLY CAR LOAN & MORTGAGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

**Kajiado County Assembly Car Loan & Mortgage Fund
 Reports and Financial Statements
 For the year ended June 30, 2019**

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**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

County Assemblies are established pursuant to Article 176(1) of the Constitution of Kenya. Accordingly section 12 of the County Governments Act establishes County Assembly Service Boards for each County government. Among the functions bestowed upon County Assembly Service Boards is preparation of annual financial estimates of expenditure, exercising budgetary control and performing other functions prescribed by national legislation. Section 116 of the Public Management Act, 2012 empowers the County Executive Committee Member for Finance to establish County Public Funds with the approval of the County Executive Committee and the County Assembly. Subsection 7 requires the administrator of a County Public Fund to prepare Accounts for each financial year and submit them to the Auditor General.

Arising from the above provisions and as advised by the Salaries and Remuneration Commission (SRC) on the benefits to be enjoyed by the Members of the County Assemblies, vide circular ref SRC/TC/CGOVT/3/16 dated 27th November, 2013, the Kajiado County Executive Committee Member for Finance and Economic Planning authorised the establishment of the Car Loan Scheme Fund with the approval of the County Assembly. The Clerk of the County Assembly, being the Accounting Officer of the Assembly was subsequently appointed the administrator of the fund.

b) Principal Activities

The principal mandate of the Fund is to facilitate acquisition of residential property for Members and staff by providing a loan scheme for the purchase and/or development, renovation or repairs of the property by members of the scheme, for Mortgage. For Car Loan, it's to facilitate acquisition of motor vehicles for Members and staff by providing a loan scheme for the purchase, insurance and overhaul of vehicles by members of the scheme.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	JemimahMateuKilesi	Chair
2	Hon. Henry Kimiti	Member
3	Hon. Grace Munei	Member
4	Jane Manyibe	Member
5	Benjamin Rapaine	Member
6	Margaret N. Methu	Secretariat
7	Patrick OloosikanyaKores	Secretariat

d) Key Management

Ref	Name	Position
1	LebooSaisa	Clerk
2	William TootioKoitumet	Senior Accountant

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

e) Registered Offices

Kajiado County Assembly Headquarters
P.O. Box 94
Kajiado, KENYA

f) Fund Contacts

E-mail: info@kajiadoassembly.or.ke

g) Fund Bankers

1. Family Bank of Kenya Limited
P. O Box 74145, Nairobi
Kajiado Branch

h) Independent Auditors

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

i) Principal Legal Adviser

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

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)

Name	Details of qualifications and experience
1. LebooSaisa	Clerk of Kajiado County Assembly and Administrator of the Fund from 1 st May 2018 Chairs the Loans Management Committee of the Fund from 1 st May 2018 till 31 st January 2019
2. JemimahKilesi	Director Finance and Administration of the County Assembly. Chair of the Loans Management Committee taking over from the clerk, LebooSaisa, from January 31 st 2019.
3. Hon Henry Kimiti	He is a Member of the County Assembly, seconded to the Management Committee as a member representing the Honourable members and the male gender.
4. Hon. Grace Munei	She is a Member of the County Assembly, seconded to the Management Committee as a member representing the Honourable members and the female gender.
5. Benjamin Rapaine	He is a member of staff, Kajiado County Assembly, as a Sergeant at Arms. He represents staff as the non-management staff member of the Committee.
6. Jane Manyibe	Member of the County Assembly Service Board appointed as a non-elected member.
7. Samson Sirere	Principal Fiscal Analyst and Secretary of the Management Committee. Managed the day to day running of the Fund until 30 th September 2018.
8. Margaret N. Methu	Accounts Assistant serving in the Budget and Loans office under the Finance Department. Currently running the day to day operations of the fund and secretariat to the Loans Management Committee from 1 st October 2018
9. Patrick Kores	Accounts Assistant serving in the Budget and Loans office under the Finance Department. Currently running the day to day operations of the fund and secretariat to the Loans Management Committee from 1 st October 2019

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Leboo Saisa	Kajiado County Assembly Clerk and Fund Administrator. Signatory to the fund
2. CPA Koitumet William	Manager of the Fund and Signatory.
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

4. BOARD/FUND CHAIRPERSON'S REPORT

The Car & Mortgage Loan Scheme Fund was established pursuant to the Salaries and Remuneration Circular no SRC/TS/WB/3/14 of 14th February 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements.

For proper management of the Fund and as advised by the Salaries and Remuneration Commission in the Circular under reference, the Kajiado County Assembly adopted Kajiado County Assembly Car Loan & Mortgage Fund Regulations 2014 to guide operationalization of the Fund.

The fund was established in the financial year 2014/2015. Indeed the first disbursement of the loan was made during October, 2014 and since then the fund has growth of **kshs.209,0000** capital based to date.

The fund was managed internally by the County Assembly and will effectively run the fund with the professionalism required. Together we remain committed to execute the responsibilities bestowed upon us by law in management of public funds.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**


5. REPORT OF THE FUND ADMINISTRATOR

Section 116 (7) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the administrator for a county public fund shall prepare financial statements in respect of that fund.

The administrator in charge of the Kajiado County Assembly Car Loan & Mortgage Fund is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year ended on June 30, 2019. 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 entity;
- (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 Kajiado County Assembly Car Loan & Mortgage Fund accepts responsibility for the fund's financial statements, which have been prepared using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Administrator is of the opinion that the fund's financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2019, and of the fund's financial position as at that date. The Administrator of the Kajiado County Assembly Car Loan & Mortgage Fund further confirms 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.

Signed:  _____

Leboo Saisa

Fund Administrator.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

6. CORPORATE GOVERNANCE STATEMENT

In FY 2018/2019, the Management Committee held six meetings in the financial year. The composition of the Management Committee changed in the year where the clerk designated his position as the chair of the Management Committee following a resolution arrived at after a training on the running of the fund. The position was assigned to Jemimah Kilesi, the Director Finance and Administration.

In light of these changes, all meetings recorded full attendance with variance in numbers as the changes occurred and as new appointments was in progress. The Management Committee was remunerated of four out of the six sittings in the year, in the form of board allowances.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

7. MANAGEMENT DISCUSSION AND ANALYSIS

In the FY 2018/2019, the Kajiado County Assembly Car Loan and Mortgage Fund received more funds from the county treasury amounting to Ksh. 42,000,000 in July 2018. This money had been allocated in the previous financial year's budget for purposes of the revolving fund. The money was disbursed to Members of the County Assembly as well as staff, in the same month.

The Loans Management committee approved and disbursed a total of Kshs. 77,500,000 in the FY2018/2019. This money was part of repayments received from the previous disbursements as well as the 42 Million that had been added to the fund. A total thirty five disbursements were made out to thirty two beneficiaries. Twenty Members of the county Assembly and twelve staff were the beneficiaries for the stated financial year.

As at 30th June 2019, there were a few pending cases whose cases were considered on 27th of June 2019 and whose disbursements have since been done in the month of July 2019.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

**8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

The fund did not undertake any social responsibility activity this financial year.

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

9. REPORT OF THE TRUSTEES

The Management Committee submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are is to facilitate acquisition of residential property for Members and staff by providing a loan scheme for the purchase and/or development, renovation or repairs of the property by members of the scheme, for Mortgage. For Car Loan, it's to facilitate acquisition of motor vehicles for Members and staff by providing a loan scheme for the purchase, insurance and overhaul of vehicles by members of the scheme.

Results

The results of the Fund for the year ended June 30, 2019 are set out on page 11 to 45.

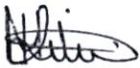
Trustees

The members of the Management Committee who served during the year are shown on page 2. The changes in the Management Committee during the financial year are as shown on page 2 and page 6.

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



Member of the Board

Date: 30th Sept. 2019

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

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 the PFM Act, 2012 and The Public Finance Management (Kajiado County Assembly Car Loan and Mortgage Fund) Regulations, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

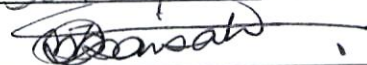
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) 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 The Public Finance Management (Kajiado County Assembly Car Loan and Mortgage Fund) Regulations, 2016. 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, 2019, 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 Management of the Committee on 20th Sept. 2019 and signed on its behalf by:

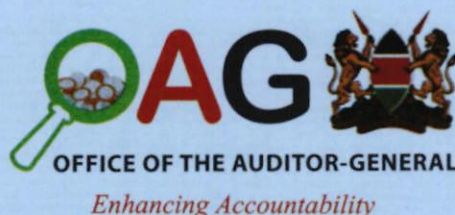


Leboo Saisa

Administrator of the Kajiado County Assembly Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAJIADO COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kajiado County Assembly Car Loan and Mortgage Fund set out on pages 15 to 49, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 Kajiado County Assembly Car Loan and Mortgage Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2019 contained the following inaccuracies;

1.1 Note 2 to the financial statements reflects a nil balance in respect of transfers from the County Government in the year under review while the statement of changes in net assets reflects an amount of Kshs.42,000,000 resulting to an undisclosed amount of Kshs.42,000,000.

1.2 Note 4 to the financial statements reflects a total interest income prior year balance of Kshs.3,518,995 while the classification of the nature of interest has not been indicated.

1.3 Note 7 to the financial statements reflects a prior year balance of Kshs.318,000 in respect of staff costs against the statement of financial performance comparative figure of Kshs.773,000 resulting to an unreconciled variance of Kshs.455,000. Further, the statement of cash flows reflects a comparative general expenses balance of Kshs.318,000 instead of staff costs of Kshs.773,000 resulting to overstatement of the nets cash and cash equivalent balance by Kshs.455,000.

1.4 Note 12 to the financial statements reflects a prior year balance of Kshs.42,230,190 in respect of long-term receivables from exchange transactions against the statement of financial position comparative figure of Kshs.158,319,724 resulting to unreconciled variance of Kshs.116,089,534.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Lack of a Trial Balance

The trial balance that ought to have been the basis upon which the financial statements for the year under review were prepared was not provided for audit verification.

Consequently, the accuracy of the balances reflected in financial statements for the year ended 30 June, 2019 cannot be ascertained.

3. Receivables from Exchange Transactions

As previously reported in year 2017/2018, Note 12 to the financial statements reflects prior year total current receivables from exchange transactions balance of Kshs.13,049,443 which relates to current portion of long-term receivables from exchange transactions as per the statement of financial position. Included in this balance, is an amount of Kshs.10,015,024 referred to as other exchange debtors relating to amounts paid out of the fund to finance other operations not related to the activities of the Fund. In addition, a review of the cash book and bank transactions provided for audit in the year under review indicated that, an amount of Kshs.1,944,420 was also paid out of the Fund to finance other operations not related to the activities of the fund.

In the circumstances, the validity of the current portion of long-term receivables from exchange transactions balances of Kshs.13,049,443 and Kshs.1,944,420 respectively cannot be confirmed.

4. Cash and Cash Equivalent

A review of cash and bank balance revealed that the cash book prepared by Kajiado County Assembly Car Loan and Mortgage Fund was in an excel sheet which can easily be manipulated contrary to Regulation 90(3) of Public Finance Management (County Governments) Regulations, 2015.

Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.30,005,221 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kajiado County Assembly Car Loan and Mortgage 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects no revenue and actual budget amounts. In addition, Management did not avail approval of the expenditure by the County Assembly against no budget which is a pointer to a possible flawed budgeting process.

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 matters discussed in the Basis for Conclusion on lawfulness and effectiveness in use of public resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Ownership Documentation

A review of car loan records revealed that Kshs.2,000,000 was advanced to a Member of the County Assembly. However, the logbook and documentary evidence of change of ownership to the loan beneficiary and the financier were not provided for audit verification contrary to Section 9(1)(e)(i) of the Public Audit Act, 2015.

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

2. Irregular Management of Loans Disbursed

Examination of records provided for audit revealed that an amount of Kshs.5,800,000 was disbursed to Members of the County Assembly. However, the loans were secured with the securities whose market value was lower than the value of the loan issued. Further, an amount of Kshs.6,200,000 was disbursed to Members and Staff of the County Assembly. However, the title deeds and valuation reports were not provided contrary to Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, the Fund 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal 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 overall 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 applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 noncompliance. 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 policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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 going concern 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 October, 2021

**Kajiado County Assembly Car Loan & Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019**

13. FINANCIAL STATEMENTS

**13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30th JUNE 2019**

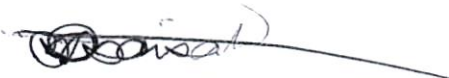
	Note	2018/2019	2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		0	0
Revenue from exchange transactions			
Interest income	4	5,589,790	3,518,995
Other income	5	-	-
		5,589,790	3,518,995
Total revenue		5,589,790	3,518,995
Expenses			
Fund administration expenses	6	1,184,832	311,021
General expenses	7	98,000	773,000
Finance costs	9	38,182	31,570
Total expenses		1,321,014	1,115,591
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		4,268,776	2,403,404

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13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	30,005,221	3,792,093
Current portion of long term receivables from exchange transactions	12	1,944,420	13,049,443
Prepayments	13	435,297	182,823
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15		455,000
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	188,406,595	158,319,724
Total assets		220,791,533	175,799,083
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17		1,276,326
Provisions	18	3,058,209	3,058,209
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		3,058,209	4,334,535
Net Assets		217,733,324	171,464,548
Financed By:			
Revolving Fund		209,500,000	167,500,000
Reserves		-	-
Accumulated surplus		8,233,324	3,964,548
Total net assets and liabilities		217,733,324	171,464,548

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th Sept. 2019 and signed by:



Administrator of the Fund
 Name: Leboo Saisa



Fund Accountant
 Name: William Koitumet
 ICPAK Member Number: 23489

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13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	167,500,000	-	1,561,144	169,061,144
Surplus/(deficit) for the period	-	-	2,403,404	2,403,404
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	167,500,000	-	3,964,548	171,464,548
Balance as at 1 July 2018	167,500,000	-	3,964,548	171,464,548
Surplus/(deficit) for the period	-	-	4,268,776	4,268,776
Funds received during the year	42,000,000	-	-	42,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	209,500,000	-	8,233,324	217,733,324

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13.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Not e	2018/2019	2017/2018
		KShs	KShs
Cashflowsfromoperatingactivities			
Receipts			
Publiccontributionsanddonations		-	-
Transfers from the County Government		-	-
Interest received		5,589,790	3,518,995
Receipts from other operating activities		-	-
Total Receipts		5,589,790	3,518,995
Payments			
Fund administration expenses		1,282,832	311,021
General expenses		-	318,000
Financecost		38,182	31,570
Total Payments		1,321,014	660,591
Netcashflowsfromoperatingactivities	21	4,268,776	2,858,404
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibleassets		-	- 455,000
Proceedsfromsaleofproperty,plantand equipment			
Proceeds from loan principal repayments		49,382,970	25,355,522
Loan disbursements paid out		- 79,030,773	- 140,817,925
Netcashflowsusedininvestingactivities		- 29,647,803	- 115,917,403
Cashflowsfromfinancingactivities			
Proceedsfromrevolving fund receipts		42,000,000	-
Additional borrowings		-	-
Repaymentofborrowings		9,592,155	-
Netcashflowsusedinfinancingactivities		51,592,155	-
Netincrease/(decrease)incashandcash equivalents		26,213,128	- 113,058,999
Cashandcashequivalentsat1JULY	11	3,792,093	116,851,092
Cashandcashequivalentsat30 JUNE	11	30,005,221	3,792,093

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13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	-	-	-	-	-	
Interest income	-	-	-	5,589,790	5,589,790	
Other income	-	-	-	-	-	
Total income	-	-	-	5,589,790	5,589,790	
Expenses						
Fund administration expenses	-	-	-	1,184,832	1,184,832	
General expenses	-	-	-	98,000	98,000	
Finance cost	-	-	-	38,182	38,182	
Total expenditure	-	-	-	1,321,014	1,321,014	
Surplus for the period	-	-	-	4,268,776	4,268,776	

13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

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

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss

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Standard	Effective date and impact:
	<p>model that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly in June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 11.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. Changes in accounting policies and estimates

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

12. Employee benefits – Retirement benefit plans

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

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

13. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

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16. 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)

17. 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.

18. Related parties

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

19. 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.

20. Comparative figures

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

21. Events after the reporting period

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

22. Ultimate and Holding Entity

The entity is a County Public Fund established by Kajiado County Assembly Car Loan & Mortgage Fund Regulations 2014 under the Kajiado County Assembly. Its ultimate parent is the County Government of Kajiado.

23. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

24. Significant judgments and sources of estimation uncertainty

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

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

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

Useful lives and residual values

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

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

Provisions

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

25. Financial risk management

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

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
4Receivables from exchange transactions	188,406,595	185,348,386	3,058,209	3,058,209
Receivables from non-exchange transactions	-	-	-	-
Bank balances	30,005,221	30,005,221	-	-
Total	218,411,816	215,353,607	3,058,209	3,058,209
At 30 June 2018				
Receivables from exchange transactions	158,319,724	155,261,515	3,058,209	3,058,209
Receivables from non-exchange transactions	-	-	-	-
Bank balances	3,792,093	3,792,093	-	-
Total	162,111,817	159,053,608	3,058,209	3,058,209

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The entity has significant concentration of credit risk on amounts due from 2017

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

b) Liquidity risk management

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

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 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018				
Trade payables	-	-	1,276,326	1,276,326
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	1,276,326	1,276,326

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2019			
Euro	10%	-	-
USD	10%	-	-
2018			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2019: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2018 – KShs xxx)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019	2018
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	209,500,000	167,500,000
Accumulated surplus	8,233,324	3,964,548
Total funds	217,733,324	171,464,548
	-	-
Total borrowings	188,406,595	158,319,724
Less: cash and bank balances	30,005,221	3,792,093
Net debt/(excess cash and cash equivalents)	158,401,374	154,527,631
Gearing	209,500,000	167,500,000

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13.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2018/2019	2017/2018
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2018/2019	2017/2018
	KShs	KShs
Transfers from County Govt. – operations	-	167,500,000
Payments by County on behalf of the entity	-	-
Total	-	167,500,000

3. Fines, penalties and other levies

Description	2018/2019	2017/2018
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2018/2019	2017/2018
	KShs	KShs
Interest income from Mortgage loans	3,370,077	
Interest income from car loans	1,859,713	
Interest income from investments		
Interest income on bank deposits		
Total interest income	5,589,790	3,518,995

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5. Other income

Description	2018/2019	2017/2018
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income		
Total other income	-	-

6. Fund administration expenses

Description	2018/2019	2017/2018
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	7,200	-
Professional services costs	1,177,632	311,021
Administration fees	-	-
Total	1,184,832	311,021

7. Staff costs

Description	2018/2019	2017/2018
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	98,000	318,000
Total	98,000	318,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2018/2019	2017/2018
	KShs	KShs
Consumables		
Electricity and water expenses		
Fuel and oil costs		
Insurance costs		
Postage		
Printing and stationery		
Rental costs		
Security costs		
Telecommunication		
Bank Charges		
Hospitality		
Depreciation and amortization costs		
Other expenses		
Total		

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9. Finance costs

Description	2018/2019	2017/2018
	KShs	KShs
Interest on Bankoverdrafts	-	-
Bank Charges	38,182	31,570
Interest on loans from banks	-	-
Total	38,182	31,570

10. Gain/(loss) on disposal of assets

Description	2018/2019	2017/2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2018/2019	2017/2018
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	30,005,221	3,792,093
Others	-	-
Total cash and cash equivalents	30,005,221	3,792,093

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

		2018/2019	2017/2018
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Family Bank Limited	067000002704	30,005,221	3,792,093
Bank B		-	-
Sub- total		30,005,221	3,792,093
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		30,005,221	3,792,093

12. Receivables from exchange transactions

Description	2018/2019	2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	3,034,419
Otherexchangedebtors	1,944,420	10,015,024
Less:impairmentallowance	-	-
Total Current receivables	1,944,420	13,049,443
Non -Current receivables		
Long term loan repayments due	188,406,595	42,230,190
Total Non- current receivables	188,406,595	42,230,190
Totalreceivables from exchange transactions	190,351,015	55,279,633

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13. Prepayments

Description	2018/2019	2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	435,297	182,823
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	435,297	182,823

14. Inventories

Description	2018/2019	2017/2018
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1 st July 2017	-	-	-	-	-
Additions	-	-	-	455,000	455,000
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2018	-	-	-	455,000	455,000
At 1 st July 2018					
Additions	-	-	-	455,000	455,000
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 th June 2019	-	-	-	455,000	455,000
Depreciation and impairment	-	-	-	-	-
At 1 st July 2017					
Depreciation					
Impairment	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-
At 1 st July 2018					
Depreciation	-	-	-	-	-
Disposals					
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2019	-	-	-	-	-
Net book values					
At 30 th June 2018	-	-	-	455,000	455,000
At 30 th June 2019	-	-	-	455,000	455,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2018/2019	2017/2018
	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	2018/2019	2017/2018
	KShs	KShs
Tradepayables	-	-
Refundable deposits	-	109,574
Accrued expenses	-	1,166,752
Otherpayables	-	-
Totaltradeandotherpayables	-	1,276,326

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	3,058,209	3,058,209
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 (30.06.2019)	-	-	3,058,209	3,058,209

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19. Borrowings

Description	2018/2019	2017/2018
	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 domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2018/2019	2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyyorganisation'	-	-
Euro denominated loan from zzzorganisation'	-	-
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	2018/2019	2017/2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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20. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Totalemployee benefits obligation	-	-	-	-

21. Cash generated from operations

	2018/2019	2017/2018
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	5,589,790	-
Finance cost	- 1,321,014	-
Working Capital adjustments		-
Increase in inventory	-	-
Increase in receivables		-
Increase in payables		-
Net cash flow from operating activities	4,268,776	-

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

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b) Related party transactions

	2018/2019	2017/2018
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2018/2019	2017/2018
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2018/2019	2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2018/2019	2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2018/2019	2017/2018
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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14. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Unresolved Prior Year Issues	1.1 Presentation of financial statements and disclosures	The Financial statements for FY 2018/2019 have been prepared in accordance with IPSAS requirements and all the financial statements provided.	CPA Koitumet William – Senior Accountant	Resolved	
1. Unresolved Prior Year Issues	1.2: Inaccuracies in the Financial Statements. 1.2.1. Trial Balance	The trial balance for FY 2017/2018 was provided and was also prepared for FY 2018/2019	CPA Koitumet William – Senior Accountant	Resolved	
1. Unresolved Prior Year Issues	1.3: Statement of Cashflows	The unexplained difference in the cashflow for the year ended 30 th June 2017 was as a result of short term receivables which had not been captured.	CPA Koitumet William – Senior Accountant	Resolved	
1. Unresolved	1.4: Comparative	The differences between	CPA Koitumet William	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Prior Year Issues	Figures 1.5: Loan Balances	the comparative figures FY 2015/2016 were represented by a provision for bad debts which had been erroneously captured and have since been resolved in the current financial statements.	– Senior Accountant		
1. Unresolved Prior Year Issues	1.6: Irregular Transfer of Funds	The transfer of ksh.7,736,932 which had been transferred to fund assembly operations has since been fully recovered. There are no outstanding balances.	LebooSaisa – Clerk, Kajiado County Assembly	Resolved	
1. Unresolved Prior Year Issues	1.7: Non Compliance with Fund Regulations 2. Daniel OwinoKonyango – 6,700,000	The Loan has since been fully recovered from the loanee.	LebooSaisa – Clerk, Kajiado County Assembly	Resolved	
	1.7: Non Compliance with Fund Regulations	The Title Deed has been released from the Lands Department and is fully	Daniel TatiekTimoi – Principal Human Resource Officer	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	2. Daniel Tatiek Timoi – 6,300,000	charged.	(Borrower)		
Basis for Conclusion 1. Non-Compliance with the Fund Regulations	i) Unsecured Mortgages to MCAs amounting to Ksh. 34,650,000. v) Unsecured Mortgages amounting to Ksh. 9,000,000	The process to ensure that all mortgages to MCAs have been secured through an informal charge is in advanced stages.	Kipambi Ntele – Deputy Clerk, KCA	Not Resolved	30 th October 2019
	ii) Unsecured Car Loans Amounting to Ksh. 36,150,000	The Loans Management Committee has issued letters to all MCAs who are yet to provide their vehicle logbook for joint registration with the assembly, to do so.	Loans Management Committee	Not Resolved	30 th October 2019
	iii) Un transferred logbooks	The Loans Management Committee has issued letters the MCAs in question to begin the transfer process. Hon. Grace Suyianta Koitumet has	Loans Management Committee	Not Resolved	30 th October 2019

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		submitted her jointly registered logbook to the assembly.			
	iv) Members of the Management Committee who provided allotment letters as Mortgage security for a total Kshs. 3,000,000 each.	The members have been communicated to provide proper security and are in the process of doing so.	Hon. Grace Munei Hon. Henry Kimiti	Not Resolved	30 th October 2019