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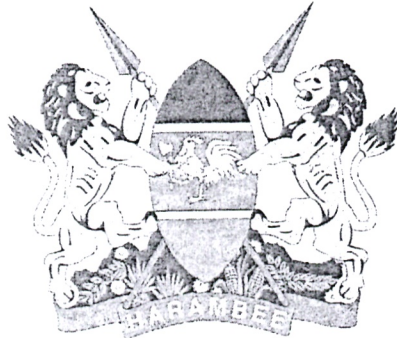
ON

KERICHO COUNTY EXECUTIVE STAFF MORTGAGE SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2020

| | PAPERS LAID |
|--------------------|-------------------|
| DATE | 6/4/2022 |
| TABLED BY | Sen. Fatima Dullo |
| COMMITTEE | - |
| CLERK AT THE TABLE | A. Mwachira |

Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020



KERICHO COUNTY EXECUTIVE STAFF CAR LOAN FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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



Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

- a) As set out in Section 166 of the Public Finance Management Act, 2012, an Accounting Officer is required to prepare Financial Statement for County Government entity as follows.
- b) (1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.
- c) (2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—
- d) (a) Contains information on the financial and non-financial performance of the entity; and
- e) (b) Is in a form determined by the Accounting Standards Board.
- f) (3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

Principal Activities

The principal activity/mission/ mandate of the Fund are to finance purchase of Cars to Executive Staff.

g) Key Management

| Ref | Name | Position |
|------------|----------------------|------------------------------------|
| 1 | Hon Dr Patrick Mutai | CECM Finance and Economic Planning |
| 2 | Leah J Chumba | CO Public Works Roads & Transport |
| 3 | George Kirer | CO Finance and Economic Planning |
| 4 | Joel Bett | County Secretary |
| 5 | Charles Kirui | Chief of Staff |
| 6 | Sylvia Inziani | County Physical Planner |
| 7 | Leonard Ngetich | Payroll Mngr |
| | | |

h) Registered Offices

P.O. Box 112 - 20200
County Headquarters Building
Kericho- Nakuru Highway
Kericho, KENYA

i) Fund Contacts

Telephone :(254) 052-21100
E-mail: info@kericho.go.ke
Website: www.kericho.go.ke

j) Fund Bankers

1. Cooperative Bank Of Kenya
Acct No 01141603844501
Kericho Branch






g) Independent Auditors

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

h) Principal Legal Adviser

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

2. MANAGEMENT TEAM

| Posts | Details of qualifications and experience |
|---|--|
|  | CECM Finance and Economic Planning |
|  | CO Public Works Roads & Transport |
|  | CO Finance and Economic Planning |
|  | County Secretary |
|  | Chief of Staff |
| | |

3. REPORT OF THE FUND ADMINISTRATOR

This is the County Government of Kericho Financial Report for the Financial Year 2019-2020 ending 30th Jun, 2020 for the Car Loan Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds on the expenditure incurred by the county government in Staff Mortgage provision.

The guiding regulations are the Kericho County Car Loan regulations of 2015 in line with the Salary and Remunerations Commission. The Fund Administrator is Chief Officer Economic Planning and its primary purpose is to advance loans to staff for purchase of motor vehicles. The key challenges were noted during the period included improper sale agreements between the seller and the buyer and this can be improved by proper provision of guidelines on how the fund is to be administered.



Leah J Chumba

Chief Officer

4. 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 *Kericho County Acts, 2014* 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, 2020. 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 *Kericho County Acts, 2014 of 21st Nov 2014*. 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, 2020, 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 on 30th sep 2020 and signed on its behalf by:

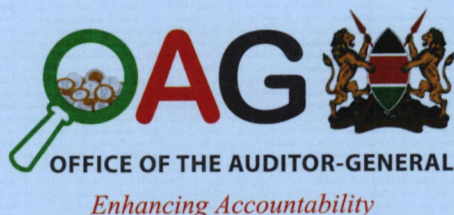


Administrator of the County Public Fund

5. REPORT OF THE INDEPENDENT AUDITOR

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 KERICHO COUNTY EXECUTIVE STAFF MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kericho County Executive Staff Mortgage Scheme Fund set out on pages 8 to 21, which comprise of the statement of financial position as at 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kericho County Executive Staff Mortgage Scheme Fund as at 30 June, 2020, 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 do not comply with the Kericho County Executive Staff Mortgage Scheme Fund Regulations, 2016 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Variances in Comparative Balances

A review of the financial statements provided for audit revealed various variances between the audited financial statements for the year 2018/2019 and the opening balances for the year under review as analysed below:

| Item | Opening Balance 2019/2020 Kshs. | Audited Financial Statements 2018/2019 Kshs. | Variance Kshs. |
|--------------------------|--|---|---------------------------|
| Unspent Balances B/f | 92,739,056 | 4,879,620 | 87,859,436 |
| Cash and Cash Equivalent | 48,650,667 | 29,299,230 | 19,351,437 |
| Recoveries | 0 | 10,375,422 | 10,375,422 |

| Item | Opening Balance 2019/2020 Kshs. | Audited Financial Statements 2018/2019 Kshs. | Variance Kshs. |
|------------------------------|---------------------------------------|---|-------------------|
| Interest Income | 2,716,425 | 0 | 2,716,425 |
| Transfers from County | 0 | 114,989,180 | 114,989,180 |
| Long Term Receivables | 94,751,180 | 0 | 94,751,180 |
| Proceeds from Loan Principal | 7,650,997 | 0 | 7,650,997 |
| Proceeds from revolving fund | 26,251,180 | 0 | 26,251,180 |
| Revolving Fund | 140,292,436 | 0 | 140,292,436 |

1.2 Statement of Financial Position

The statement of financial position reflects accumulated surplus balance of Kshs.4,143,503 while the statement of changes in nets assets reflects a balance of Kshs.6,650,737 resulting to an unreconciled and unsupported variance of Kshs.2,507,234.

1.3 Statement of Financial Performance

The statement of financial performance reflects interest income balance of Kshs.4,405,675. However, the schedule provided reflects an amount of Kshs.4,361,904 resulting to an unexplained variance of Kshs.43,771.

Consequently, the accuracy, validity and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

2.0 Cash and Cash Equivalents

The statement of financial position and Note 3 to the financial statement reflects cash and cash equivalents balance of Kshs.17,790,212. The figure represents balances in three bank accounts. However, the reconciliation statement for one bank account with a balance of Kshs.5,430,776 was not provided for audit review.

Consequently, the accuracy, validity and completeness of the cash and cash equivalents balance of Kshs.17,790,212 as at 30 June, 2020 could not be confirmed.

3.0 Unsupported General Expenses

The statement of financial performance and Note 2 to the financial statement reflects general expenses balance of Kshs.262,172 which includes committee allowances of Kshs.254,000. However, management committee minutes relating to the expenditure were not submitted for audit review.

Consequently, the accuracy and propriety of the committee allowance of Kshs.254,000 for the year ended 30 June, 2020 could not be confirmed.

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

There were issues raised in the audit report for 2018/2019 financial year of which no report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 abolish the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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 overall 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 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2022

6. FINANCIAL STATEMENTS

**6.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 30th JUNE 2020**

| | Note | 2019/2020 | 2018/2019 |
|---|------|---------------------|----------------------|
| | | KShs | KShs |
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | 1 | | |
| Transfers from the County Government | 2 | 0 | 20,238,000.00 |
| Fines, penalties and other levies | 3 | 0 | 0 |
| | | | |
| Revenue from exchange transactions | | 0.00 | 0.00 |
| Interest income | 4 | 0 | 0 |
| Other income | 5 | 0 | 0 |
| | | | |
| Total revenue | | 0.00 | 20,238,000.00 |
| Expenses | | | |
| Fund administration expenses | 6 | 0 | 0 |
| General expenses | 7 | 0.00 | 17,760,722.00 |
| Finance costs | 8 | 0 | 0 |
| Total expenses | | 0.00 | 17,760,722.00 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | 9 | | |
| Surplus/(deficit) for the period | | 2,471,628.00 | 2,471,628.00 |

The notes set out on pages 16 to 19 form an integral part of these Financial Statements

Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020

6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Note | 2019/2020 | 2018/2019 |
|--|------|---------------------|---------------------|
| | | KShs | KShs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 2,471,628.00 | 2,471,628.00 |
| Current portion of long- term receivables from exchange transactions | 11 | 0 | 0 |
| Prepayments | 12 | 0 | 0 |
| Inventories | 13 | 0 | 0 |
| | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 0 | 0 |
| Intangible assets | 15 | 0 | 0 |
| Long term receivables from exchange transactions | 11 | 0 | 0 |
| | | 0 | 0 |
| Total assets | | 2,471,628.00 | 2,471,628.00 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 16 | 0 | 0 |
| Provisions | 17 | 0 | 0 |
| Current portion of borrowings | 18 | 0 | 0 |
| Employee benefit obligations | 19 | 0 | 0 |
| | | 0 | 0 |
| Non-current liabilities | | 0.00 | 0.00 |
| Non-current employee benefit obligation | 19 | 0 | 0 |
| Long term portion of borrowings | 18 | 0 | 0 |
| Total liabilities | | 0 | 0 |
| | | | |
| Net assets | | 0 | 0 |
| Revolving Fund | | 0 | 0 |
| Reserves | | 0 | 0 |
| Accumulated surplus | | 0 | 0 |
| Total net assets and liabilities | | 2,471,628.00 | 2,471,628.00 |

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 SEP 2020 and signed by:



Leah J Chumba
Fund Administrator



CPA Fernandes K Korir
Chief Accountant
ICPAK MNo 13966

Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020

6.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

| | Revolving fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|-------------------|------------------------|------------------------|---------------------|
| | | KShs | KShs | KShs |
| Balance as at 1 July 2018 | 0 | 0 | 0 | 0 |
| Surplus/(deficit) for the period | 0 | 0 | 0 | 0 |
| Funds received during the year | 0 | 0 | 20,238,000.00 | 20,238,000.00 |
| Revaluation gain | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2019 | 0 | 0 | 2,471,628.00 | 2,471,628.00 |
| Balance as at 1 July 2019 | 0 | 0 | 2,471,628.00 | 2,471,628.00 |
| Surplus/(deficit) for the period | | | 0 | 0 |
| Funds received during the year | 0 | 0 | 0.00 | 0.00 |
| Revaluation gain | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2020 | 0 | 0 | 2,471,628.00 | 2,471,628.00 |

Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020

6.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2019/2020 | 2018/2019 |
|--|------|---------------------|----------------------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | | |
| Transfers from the County Government | | 0.00 | 20,238,000.00 |
| Interest received | | | |
| Receipts from other operating activities | | | |
| Total Receipts | | 0.00 | 20,238,000.00 |
| Payments | | | |
| Fund administration expenses | | | |
| General expenses | | 0.00 | 17,766,372.00 |
| Finance cost | | 0 | 0 |
| Total Payments | | 0.00 | 17,766,372.00 |
| | | | |
| Net cash flows from operating activities | | 2,471,628.00 | 2,471,628.00 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | | |
| Proceeds from sale of property, plant and equipment | | | |
| Proceeds from loan principal repayments | | | |
| Loan disbursements paid out | | | |
| Net cash flows used in investing activities | | 0.00 | 0.00 |
| | | | |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | | |
| Additional borrowings | | | |
| Repayment of borrowings | | | |
| Net cash flows used in financing activities | | 0.00 | 0.00 |
| Net increase/(decrease) in cash and cash equivalents | | 0.00 | 2,471,628.00 |
| Cash and cash equivalents at 1 JULY | 15 | 2,471,628.00 | 20,238,00.00 |
| Cash and cash equivalents as at 30 JUNE | 15 | 2,471,628.00 | 2,471,628.00 |

Kericho County Executive Staff Car Loan Fund
Reports and Financial Statements
For the year ended June 30, 2020

6.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % utilization |
|------------------------------------|-------------------|--------------------|--------------------|----------------------------|------------------------|---------------|
| | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| Revenue | KShs | KShs | KShs | KShs | KShs | |
| Public contributions and donations | 0 | (0) | 0 | 0 | (0) | |
| Transfers from County Govt. | 30,000,000 | 120,781,757 | 150,781,757 | 130,000,000. | 20,781,757 | 86.2 |
| Interest income | 0 | (0) | 0 | 0 | (0) | |
| Other income | 0 | (0) | 0 | 0 | (0) | |
| Total in come | 30,000,000 | 120,781,757 | 150,781,757 | 130,000,000. | 20,781,757 | 86.2 |
| Expenses | | | | | | |
| Fund administration expenses | 0 | (0) | 0 | 0 | (0) | |
| General expenses | 0 | 0 | 0 | 138,730,649.30 | (0) | |
| Finance cost | 0 | 0 | 0 | 0 | (0) | |
| Total expenditure | 0 | 0 | 0 | 138,730,649.30 | (0) | |
| Surplus for the period | 0 | (0) | 0 | -8,760,119.30 | (0) | |

6.6. 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. Early adoption of Standards

The entity did not early adopt any new or amended Standard in the year 2019.

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.

4. Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kericho County Emergency Fund on the FY 2019/2020 budget following the governing body's approval.

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

- ***Kericho County Executive Staff Car Loan Fund***
Reports and Financial Statements
For the year ended June 30, 2020

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 actual as per the statement of financial performance has been presented under Section 7.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Equity Bank of Kenya at the end of the financial year.

6. Comparative figures

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

7. Events after the reporting period

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

8. Ultimate and Holding Entity

The guiding regulations are the Kericho County Executive Staff Car Loan Regulations of 2015 in line with the Salary and Remunerations Commission.

9. Currency

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

• *Kericho County Executive Staff Car Loan Fund*
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6.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

| Description | 2019/2020 | 2018/2019 |
|--|-------------|---------------------|
| | KShs | KShs |
| Transfers from County Govt. – operations | 0.00 | 2,471,628.00 |
| Payments by County on behalf of the entity | 0 | 0 |
| Total | 0.00 | 2,471,628.00 |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. General expenses

| Description | 2019/2020 | 2018/2019 |
|-------------------------------------|-------------|----------------------|
| | KShs | KShs |
| Consumables | 0.00 | 17,760,722.00 |
| Electricity and water expenses | 0 | 0 |
| Fuel and oil costs | 0 | 0 |
| Insurance costs | 0 | 0 |
| Postage | 0 | 0 |
| Printing and stationery | 0 | 0 |
| Rental costs | 0 | 0 |
| Security costs | 0 | 0 |
| Telecommunication | 0 | 0 |
| Bank Charges | 0.00 | 5,650.00 |
| Hospitality | 0 | 0 |
| Depreciation and amortization costs | 0 | 0 |
| Other expenses | 0 | 0 |
| Total | 0.00 | 17,766,372.00 |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Cash and cash equivalents

| Description | 2019/2020 | 2018/2019 |
|--|---------------------|---------------------|
| | KShs | KShs |
| Car loan account | 0 | 0 |
| County mortgage account | 0 | 0 |
| Fixed deposits account | 0 | 0 |
| On – call deposits | 0 | 0 |
| Current account | 2,471,628.00 | 2,471,628.00 |
| Others | 0 | 0 |
| Total cash and cash equivalents | 2,471,628.00 | 2,471,628.00 |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

| | | 2019/2020 | 2018/2019 |
|----------------------------------|----------------|---------------------|---------------------|
| Financial institution | Account number | KShs | KShs |
| a) Fixed deposits account | | | |
| Cooperative Bank Of Kenya Ltd | | 2,471,628.00 | 2,471,628.00 |
| Equity Bank, etc | | 0.00 | 0.00 |
| Sub- total | | 2,471,628.00 | 2,471,628.00 |
| | | | |
| b) On - call deposits | | | |
| Kenya Commercial bank | | 0 | 0 |
| Equity Bank - etc | | 0 | 0 |
| Sub- total | | 0 | 0 |
| | | | |
| c) Current account | | | |
| Kenya Commercial bank | | 0 | 0 |
| Bank B | | 0 | 0 |
| Sub- total | | 0 | 0 |
| | | | |
| d) Others(specify) | | 0 | 0 |
| Cash in transit | | 0 | 0 |
| Cash in hand | | 0 | 0 |
| MPesa | | 0 | 0 |
| Sub- total | | 0 | 0 |
| Grand total | | 2,471,628.00 | 2,471,628.00 |

7. 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 | 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) |
|---|--|----------------------------|---|--|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.