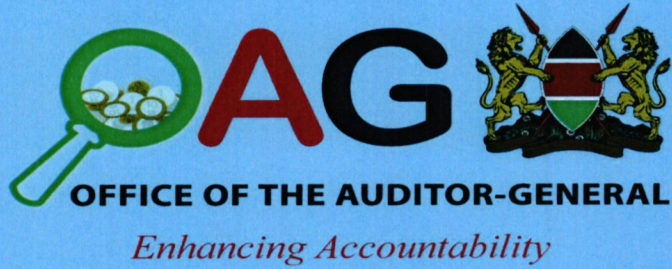


REPUBLIC OF KENYA



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REPORT

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COMMITTEE	
CLERK AT THE TABLE	Kwame M.

OF

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY EXECUTIVE
MORTGAGE & CAR LOANS
SCHEME FUND**

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



**UASIN GISHU COUNTY EXECUTIVE
MORTGAGE AND CAR LOANS SCHEME 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)

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County is constituted as per the constitution of Kenya 2010 is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The objective and purpose of the fund is to provide a mortgage loan scheme for purchase, development, renovation or repair of residential property and /or car loan scheme for purchase of car by members of staff of the county (state officers and public officers).

b) Key Management

Ref	Name	Position
1	Jackson Mandago	Governor
2	Daniel Chemno	D. Governor
3	Julius K. Rutto	County Executive Member Finance & Economic Planning

c) Registered Offices

P.O. Box 40-30100
County Hall Building
Uganda Road
ELDORET, KENYA

d) Fund Contacts

Telephone: (254) -053-2016215,
053-2016125
053-2016000
E-mail: info@uasingishu.go.ke
Website: www.uasingishu.go.ke

e) Fund Bankers

2. Equity Bank
P.O. Box
Eldoret Market Branch
ELDORET, KENYA

Independent Auditors

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

Principal Legal Adviser

The County Legal Advisor
County Hall
Uganda Road
P.O. Box 40 - 30100
Eldoret, Kenya

2. MANAGEMENT TEAM

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer – Finance & Economic Planning	Peter K. Chesos
2	Mortgage administrator	Silas k. Ronoh

5. REPORT OF THE FUND ADMINISTRATOR

Uasin Uishu county executive mortgage and car loan scheme fund was established in, 2015/2016 financial year to enable county executive staff purchase, develop, renovate or repair residential property and also purchase private motor vehicle. In the financial year 2018/19 kshs 60,000,000 was budgeted to cater for the county executive staff car loan and mortgage facility. From the inception of the fund a total of kshs 201,700,000 has been disbursed, to various county staff, while Repayments received to date in terms of principal and interest amounts to kshs 18,000,312 and kshs 11,152,067 respectively. The amount received in the year under review is kshs 7,982,946 in principal and kshs 3,523,969 in interest.

Finally, let me take the earliest opportunity to thank all members of the technical team for their time and sacrifice in consolidating the annual financial statement. I also wish to re-affirm our commitments to enhanced financial discipline and fiscal responsibilities for the betterment of our county.

The Fund Administrator should sign the Fund Administrator report.

Signed: _____



SILAS K. RONOH

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 Uasin Gishu County staff mortgage and car loan scheme established by the fund regulations of 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

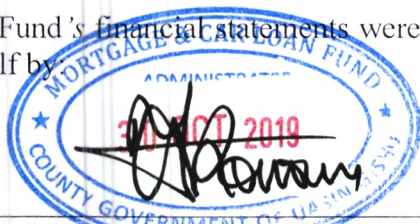
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) 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 Uasin Gishu County Car Loan And Mortgage Fund Regulations 2015 (7). 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, 2018, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

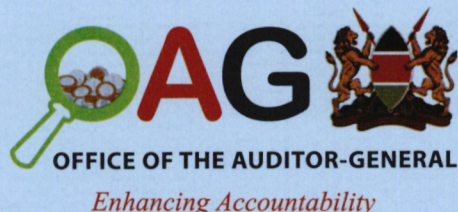
The Fund's financial statements were approved by the Board on _____ 2019 and signed on its behalf by



Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY EXECUTIVE MORTGAGE & CAR LOANS SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uasin Gishu County Executive Mortgage & Car Loans Scheme Fund set out on pages 8 to 26, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Executive Mortgage & Car Loans Scheme 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 Uasin Gishu County Executive Mortgage & Car Loans Scheme Fund Regulations, 2015.

Basis for Qualified Opinion

1.0 Over Due Loans from Members not in Service

As reported in the previous year, included in the receivables of Kshs.183,377,788 as at 30 June, 2019 is an amount of Kshs.37,069,680 in respect of seven (7) County Executive Committee Members, which includes a balance of Kshs.34,084,030 that relate to six (6) executive committee members who had left the service of the County between November, 2017 and January, 2018. Although the Management has indicated that arrangements have been made to ensure that full settlement of the principal together with interest accrued is cleared, no evidence was provided in support of this arrangements.

Under the circumstances, full recoverability of Kshs.37,069,680 due from County Executive Committee Members as at 30 June, 2019 is in doubt.

Report of the Auditor-General on Uasin Gishu County Executive-Mortgage & Car Loans Scheme Fund for the year ended 30 June, 2019

2.0 Unsecured Staff Mortgage and Car Loans

Included in the long-term receivables from exchange transactions balance of Kshs.183,377,788 as at 30 June, 2019 is car and mortgage loans totaling to Kshs.127,050,000 advanced in 2015/2016 and 2016/2017 financial years. However, the loans were disbursed to the applicants without charges being registered against the respective properties financed by the loans as jointly owned by the County Government and the borrowers. Although the Management of the Fund indicated that, the documents were forwarded to their appointed lawyer for charging, evidence of progress made was not presented for audit.

Consequently, recoverability of the unsecured Kshs.127,050,000 could not be confirmed as at 30 June, 2019.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Under Recoveries of Mortgage Loans

The statement of financial position as at 30 June, 2019 reflects receivables from exchange transactions balance of Kshs.183,377,788. However, examination of the documents provided for audit revealed that, an amount of Kshs.770,037 was not recovered from ten (10) members of staff as indicated in Appendix I contrary to Regulation 12(1) of the Mortgage and car loan regulations.

Consequently, the Management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the accrual basis of accounting unless the 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 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

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

17 November, 2021

6. FINANCIAL STATEMENTS

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

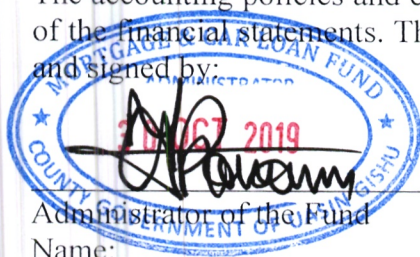
	Note	2018/2019	2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	60,000,000	5,000,000
Fines, penalties and other levies	3	-	-
		60,000,000	5,000,000
Revenue from exchange transactions			
Interest income	4	3,523,969	4,064,503
Other income	5	-	-
		3,523,969	4,064,503
Total revenue		63,523,969	9,064,503
Expenses			
Fund administration expenses	8	-	-
Staff costs	9	-	-
General expenses	10	11,370	1,210
Finance costs	11	-	-
Total expenses		11,370	1,210
Other gains/losses			
Gain/loss on disposal of assets	12		
Surplus/(deficit) for the period		63,512,599	9,063,293

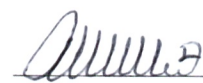
UASIN GISHU COUNTY EXECUTIVE
 Car Loan and Mortgage Scheme
 Reports and Financial Statements
 For the year ended June 30, 2019

6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018/2019	2017/2018
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	13	43,763,474	19,717,929
Current portion of long term receivables from exchange transactions	14	183,377,788	143,910,734
Prepayments	15	-	-
Inventories	16	-	-
		227,141,262	163,628,663
Non-current assets			
Property, plant and equipment	17	-	-
Intangible assets	18	-	-
		-	-
Total assets		227,141,262	163,628,663
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	-	-
Provisions	20	-	-
Current portion of borrowings	21	-	-
Employee benefit obligations	22	-	-
		-	-
Non-current liabilities			
Non-current employee benefit obligation	22	-	-
Long term portion of borrowings	21	-	-
		-	-
Total liabilities		-	-
Net assets		227,141,262	163,628,663
Revolving Fund		163,628,663	154,565,370
Reserves		-	-
Accumulated surplus		63,512,599	9,063,293
Total net assets and liabilities		227,141,262	163,628,663

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 _____ 2019 and signed by:


 Administrator of the Fund
 Name:


 Fund Accountant
 Name:
 ICPAK Member Number: 12260

6.3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	151,348,290	-	151,348,290	151,348,290
Surplus/(deficit) for the period	7,280,373	-	7,280,373	7,280,373
Funds received during the year	5,000,000	-	5,000,000	5,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	163,628,663	-	163,628,663	163,628,663
Balance as at 1 July 2018	163,628,663	-	163,628,663	163,628,663
Surplus/(deficit) for the period	63,512,599	-	63,512,599	63,512,599
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	227,141,262	-	227,141,262	227,141,262

UASIN GISHU COUNTY EXECUTIVE
 Car Loan and Mortgage Scheme
 Reports and Financial Statements
 For the year ended June 30, 2019

6.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019 KShs	2017/2018 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	60,000,000	5,000,000
Interest received	4	3,523,969	4,064,503
Receipts from other operating activities		-	-
Total Receipts		63,523,969	9,064,503
Payments			
Fund Administration expenses		-	-
General expenses	10	11,370	1,210
Finance cost		-	-
Total Payments		11,370	1,210
Net cash flows from operating activities		63,512,599	9,063,293
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	6	7,982,946	5,839,087
Loan disbursements paid out	7	(47,450,000)	0
Net cash flows used in investing activities		(39,467,054)	5,839,087
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		24,045,545	14,902,380
Cash and cash equivalents at 1 JULY		19,717,929	4,815,549
Cash and cash equivalents at 30 JUNE	13	43,763,474	19,717,929

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 _____ 2019 and signed by:



Administrator of the Fund
 Name:

Fund Accountant
 Name:

ICPAK Member Number: 12260

UASIN GISHU COUNTY EXECUTIVE
 Car Loan and Mortgage Scheme
 Reports and Financial Statements
 For the year ended June 30, 2019

6.5. 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
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	60,000,000	-	60,000,000	60,000,000	-	100%
Interest income	-	-	4,381,024	3,523,969	857,055	80%
Principal Loan Repayments			9,060,954	7,982,946	1,078,008	88%
Other income	-	-	19,717,929	19,717,929	-	100%
Total income	60,000,000	-	93,159,907	91,224,844	1,935,063	98%
Expenses						
Loan disbursements	60,000,000		93,144,907	47,450,000	45,694,907	
Fund administration expenses	-	-	-	-	-	
General expenses	-	-	-	-	-	
Finance cost	-	-	15,000	11,370	3,630	73%
Total expenditure	60,000,000	-	93,159,907	47,461,370	45,698,537	51%
Surplus for the period	-	-	-	43,763,474	(43,763,474)	

Budget notes

1. The actual amounts on all incomes varies by 2% ONLY due to arrears outstanding from both principal and interest loan repayments.
2. The final budget captures both the transfers from the county government and the balances brought forward from the previous financial year I.e. FY 2017/2018.
3. **Reconciliation Of Statement Of Financial Performance And the Statement Of Comparison Of Budget And Actual Amounts**

Totals as per statement of financial performance	kshs 63,523,969
Add principal loan repayments	kshs 7,982,946
Add balances b/f from FY 2017/2018	kshs 19,717,929
Total as per statement of comparison	kshs 91,224,844

NB: The variance arises because the principal loan repayments and the balances b/f from FY 2017/2018 are not recognised as incomes in the statement of financial performance.

6.6. NOTES TO THE FINANCIAL STATEMENTS

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS) with particular emphasis on accrual Basis Financial Reporting under the accrual Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public-Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Staff car loan and mortgage fund account and all values are rounded to the nearest Shilling (Kshs'1). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the accrual basis following the Government's standard chart of accounts.

2. **Recognition of revenue and expenses**

The Staff car loan and mortgage fund account recognise all revenues from the various sources when the event occurs and the related cash has actually been received by the entity. In addition, the Staff car loan and mortgage fund account recognise all expenses when the event occurs and the related cash has actually been paid out by the entity.

3. **In-kind contributions**

In-kind contributions are donations that are made to the Staff car loan and mortgage fund account in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Staff car loan and mortgage fund account includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **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 Kenya Commercial Bank of Kenya at the end of the financial year.

5. **Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the Staff car loan and mortgage fund account fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Staff car loan and mortgage fund account at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The staff car loan and mortgage fund budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the staff car loan and mortgage fund actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

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

11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

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6.7. 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	60,000,000	5,000,000
Payments by County on behalf of the entity	-	-
Total	60,000,000	5,000,000

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 Car & Mortgage loans	3,523,969	4,064,503
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	3,523,969	4,064,503

5. Other income

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

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6. Principal loan repayments

Description	2018/2019	2017/2018
	KShs	KShs
Car loan and mortgage repayments	7,982,946	5,839,087
	-	-
Total	7,982,946	5,839,087

7. Loan disbursements

Description	2018/2019	2017/2018
	KShs	KShs
Mortgages issued	29,500,000	-
Car loans Issued	17,950,000	-
Total	47,450,000	-

8. Fund Administration expenses

Description	2018/2019	2017/2018
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

9. Staff costs

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. 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	11,370	1,210
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	11,370	1,210

11. Finance costs

Description	2018/2019	2017/2018
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

12. Gain/(loss) on disposal of assets

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Cash and cash equivalents

Description	2018/2019	2017/2018
	KShs	KShs
Staff Car And Mortgage Loan A/C1090265192730	39,403,464	6,663,424
Staff Car And Mortgage Loan Repayment A/C1090268450986	4,360,011	13,054,506
On – call deposits	-	-
Current account	-	-
Others	-	-
Total cash and cash equivalents	43,763,474	19,717,929

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

Financial institution	Account number	2018/2019	2017/2018
		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-Equity Bank			
Staff Car And Mortgage Loan A/C		39,403,464	6,663,424
Staff Car And Mortgage Loan Repayment		4,360,011	13,054,506
Sub- total		43,763,474	19,717,929
d) Others(specify)			
Cash in transit			
Cash in hand			
M Pesa			
Sub- total			
Grand total		43,763,474	19,717,929

14. Receivables from exchange transactions

Description	2018/2019	2017/2018
	KShs	KShs
Accounts Receivable B/F	143,910,734	149,749,821
disbursements During the year	47,450,000	-
Amount Received During the year	(7,982,946)	(5,839,087)
Total receivables from exchange transactions	183,377,788	143,910,734

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Prepayments

Description	2018/2019	2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

16. 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)

17. 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					
Disposals					
Transfers/adjustments					
At 30 th June 2018					
At 1 st July 2018					
Additions					
Disposals					
Transfer/adjustments					
At 30 th June 2019					
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					
At 30 th June 2019					

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. 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		

19. Trade and other payables from exchange transactions

Description	2018/2019	2017/2018
	KShs	KShs
Trade payables		
Refundable deposits		
Accrued expenses		
Other payables		
Total trade and other payables		

20. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)				
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)				

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21. 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 domestic 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 'yyy organisation'		
Euro denominated loan from zzz organisation'		
Domestic Borrowings		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Borrowings from other government institutions		
Total balance at end of the year		

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

Description	2018/2019	2017/2018
	KShs	KShs
Short term borrowings(current portion)		
Long term borrowings		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. 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				
Total employee benefits obligation				

23. 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		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in payables		
Net cash flow from operating activities		

24. 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; Uasin Gishu County
- b) The Parent County Government Ministry; The National Treasury
- c) Key management; Uasin Gishu County Executive

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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		

25. Contingent assets and contingent liabilities

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

(Give details)

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7. 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)
1.0	Overdue loans to members not in service	The manage through the mortgage fund administrator and the county legal department have commenced a legal action against the defaulters	The mortgage fund administrator and the county legal department	Not resolved	31 st December 2019
2.0	Under recovery of mortgage loans	Any repayments to be received going forward shall be channelled towards settling the arrears.	The mortgage fund administrator	Not resolved	31st December 2019