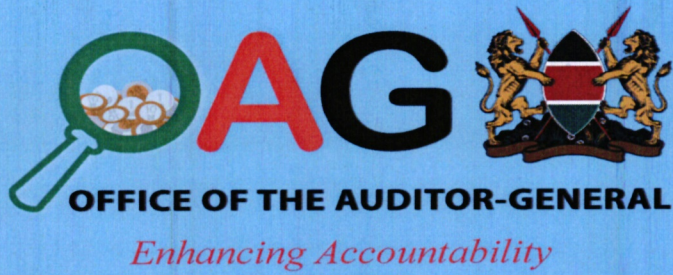
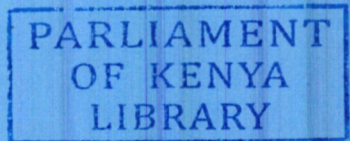


REPUBLIC OF KENYA



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DATE	27/04/2023
REPORT FILED BY	Sen. Majority Whip
COMMITTEE	_____
CLERK AT THE TABLE	A. Mwachari

OF



THE AUDITOR-GENERAL

ON

**NANDI COUNTY ASSEMBLY
SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NANDI



NANDI COUNTY ASSEMBLY



OFFICE OF THE AUDITOR -GENERAL
CENTRAL RIFT REGIONAL OFFICE

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NANDI COUNTY ASSEMBLY SCHEME FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

NANDI COUNTY ASSEMBLY SCHEME FUND
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Nandi County Assembly Scheme Fund was established by Public Finance Management (Nandi County Assembly Members Scheme Fund) Regulations of 2014 that repealed and replaced with the Nandi County Assembly Scheme Fund Regulations of 2021 and derives its authority from the Public Finance Management Act Section 116. The Fund is wholly owned by the County Assembly of Nandi and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purposes of purchase of vehicles by members of the scheme and purchase, development, renovation or repair of residential property by members of the Scheme as per Salaries and Remuneration Commission (SRC) Guidelines PFM Act and PFM regulations.

b) Principal Activities

The principal activities of the Fund are;

- (a) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- (b) To provide a loan scheme for the purchase of vehicles by members of the Scheme.

c) Fund Administration Committee

Ref	Name	Position
1.	Mr. Barnaba GK Kosgei	Chairman
2.	Mr. Henry Kipkorir Tarus	Vice Chairman
3.	Mr. Wesley Cheruiyot Kimetto	Member
4.	Mr. Luke Kimutai Cherutich	Member
5.	Mr. Justice Kipyego Kirui	Member
6.	Mr. Bonface Kiptoo	Member
7.	Mrs. Lilian Chebet	Member

d) Key Management

Ref	Name	Position
1.	Mr. Barnaba GK Kosgei	Chairperson, FAC
2.	CPA Isaac Kiplagat Tum	Funds Administrator and Secretary, FAC
3.	CPA Wesley Kimetto	Fund Accountant and Treasurer, FAC
4.	Mr. Lilian Chebet	Member, FAC
5.	Mr. Henry Kipkorir Tarus	Member, FAC
6.	Mr. Boniface Kiptoo	Member, FAC
7.	Mr. Justice Kipyego Kirui	Member, FAC
8.	Mr. Luke Kimutai Cherutich	Member, FAC

e) Fiduciary Oversight Arrangements

- County Assembly Service Board
- Internal Audit Reports
- County Assembly Inspection and Acceptance Committees

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

f) Registered Offices

C/o Fund Administrator,
NCA Scheme Fund,
Former Nandi County Council Building, Wilfred Bungei Street
P.O. Box 673-30300, Kapsabet,
Kapsabet, KENYA

g) Fund Contacts

Telephone: (254) 0535252039

E-mail: funds@nandiassembly.go.ke

Website: www.nandiassembly.go.ke/fund

h) Fund Bankers

1. Credit Bank Limited,
Zion Mall, Eldoret Branch, Uganda Road,
P O Box 61064 – 00200,
NAIROBI
2. Housing Finance Company of Kenya Limited,
KVDA Plaza, Oloo /Utalii Street,
PO Box 9015-30100,
ELDORET

i) Independent Auditors

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

j) Principal Legal Adviser

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

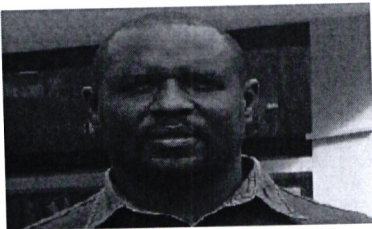
2. LOAN MANAGEMENT COMMITTEE

The Loans Management Committee Members during the financial year consisted of:



Osborn Komen – Chair, Loan Management Committee (LMC)

Osborn Komen, born in the year 1972, is a holder of BSc degree from the University of Nairobi and serves as the Vic-Chairman, County Assembly Service Board, a post that confers the privilege to Chair to the Loans Management Committee under the approved regulations. Before his appointment, he served as a senior officer at the Kenya Ports Authority. He has also held various top management positions in different institutions for over 20 years. He has exited the fund following unsuccessful bid to retain his elective seat as Member of County Assembly.



Hon. Eliud Kirongo, Member

Eliud Kirongo, born in the year 1986, is a holder of Bachelor's degree in Education from the Masinde Muliro University of Technology. He is currently a second term member of the Nandi County Assembly serving as the Leader of the Minority Party at the Nandi County Assembly since March 2013.

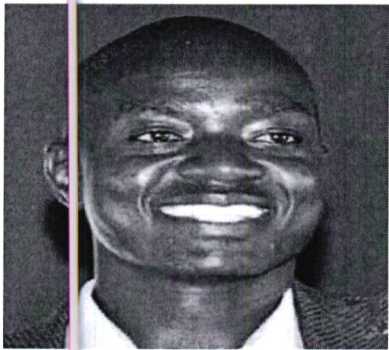


Hon. Pius Murrey, Member

Pius Murrey, born in 1970, is a holder of B. Com Finance degree from the University of Nairobi. He is also a second term member of the Nandi County Assembly. Before his appointment, he served as a Vice chairman at the Nandi County Assembly Public Investment and Accounts Committee in the first County Assembly. He has also held various management positions in different Savings and Credit Cooperative organizations for over 20 years prior to joining political leadership. He has exited the fund following unsuccessful bid to retain his elective seat as Member of County Assembly.

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022



Hon. Hillary Serem, Member

Hillary Serem, born in 1984, is a holder of Bachelors' degree in Business Management (Accounting) degree from the Moi University. He is a first term member of the Nandi County Assembly and before his appointment; he served as a Vice chairman at the Nandi County Assembly Public Investment and Accounts Committee in the second County Assembly. He has also held various management positions in different Cooperative Bank of Kenya Ltd for over 10 years prior to joining political leadership. He has exited the fund following unsuccessful bid to retain his elective seat as Member of County Assembly.



Mr. Barnaba GK Kosgei – Clerk

Mr. Barnaba GK Kosgei, born in 1966, was appointed to serve as the first Clerk of Nandi County Assembly on 10th March 2013. He holds a Master's degree in Business Administration Degree (Strategic Management) from the Kenyatta University. Before his appointment as the clerk, he served as a Clerk at various local authorities over a period of 15 years before the establishing laws of those authorities was repealed in 2010.



Hon. Fredrick Kipkemboi, Member

Fredrick Kipkemboi, born in 1974, is a second term member of the Nandi County Assembly. Before his appointment, he served as a Chairman at the Nandi County Assembly Justice and Legal Affairs Committee in the first County Assembly. For over 20 years, he led various community-based organizations and welfare groups in fund raising towards the establishment of the now successful Nandi Youth Bunge, registered boda boda and mechanic Operators SACCOs within Kapsabet prior to joining political leadership. He has exited the fund following unsuccessful bid to retain his elective seat as Member of County Assembly.

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022



Hon. Margaret Nyauntu, Member

Margaret, born in the year 1955, is a first term nominated member of the Nandi County Assembly. Before her appointment, she served as a Member at the Nandi County Assembly Budget and Appropriations Committee in the first County Assembly. For over 20 years, prior to joining political leadership, she taught at various primary schools within Nandi County, before retiring to venture in construction and supplies businesses. She has exited the fund following unsuccessful bid to retain her elective seat as Member of County Assembly.



CPA Isaac Kiplagat Tum – Fund Administrator

Born in 1985, is serving as a Principal Fiscal Analyst to the County Assembly of Nandi and Fund Administrator.

Mr. Tum is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) in good standing. He is also a graduate of Maseno University

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

3. MANAGEMENT TEAM

The Management Team during the financial year consisted of:



**Mr. Barnaba GK Kosgei,
Chairman, Fund Administration Committee**

Mr. Barnaba GK Kosgei, born in 1966, was appointed to serve as the first Clerk of Nandi County Assembly on 10th March 2013. He holds a Master's degree in Business Administration (Strategic Management) from the Kenyatta University. Before his appointment as the clerk, he served as a Clerk at various local authorities over a period of 15 years before the establishing laws of those authorities was repealed in 2010.



Member, Fund Accountant

Mr. David Kipkosgey Too, born in 1987, was appointed to serve as a Fund Accountant of Nandi County Assembly Scheme Fund on 18th July 2021. He holds a degree in Business Management from the Moi University and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He also serves as a payment cashier at the County Assembly of Nandi where he has gained over 5 years experience in financial management



CPA Isaac Kiplagat Tum – Fund Administrator

Born in 1985, is serving as a Principal Fiscal Analyst to the County Assembly of Nandi and Fund Administrator. Mr. Tum is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) in good standing. He is also a graduate of Maseno University

NANDI COUNTY ASSEMBLY SCHEME FUND
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CPA Wesley Kimetto – Member, Fund Administration Committee

CPA Wesley Kimetto Cheruiyot was appointed as the Fund Accountant on 5th October 2014. He is serving as a Director, Finance and Strategy to the County Assembly of Nandi.

Mr. Kimetto is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) in good standing. He is also a graduate of Maasai Mara University and a member of the Institute of Certified Public Secretaries of Kenya. He holds over 20 years public finance management experience gained while working in various segments within the public sector.

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

4. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present, on behalf of the Management Committee of Committee Members, the Nandi County Assembly Scheme Fund-Mortgage and Car Loans financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Loans Management Committee Changes

The Management Committee established a task force with the mandate to review and interrogate the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The task force carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organization arrangement is expected to enhance efficiency in service delivery.

The following Scheme Fund management reports that six (6) members of the Loan Management are exiting the fund after exiting the County Assembly Service upon the conclusion of the General Election on the 9th August 2022;

Name of the LMC Member	Designation	Entry Date to Scheme Fund LMC	Exit Date to Scheme Fund LMC	Reason for Exit
Osborn Komen	Chair, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid
Eliud Kirongo	Member, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid
Pius Murrey	Member, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid
Hillary Serem	Member, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid
Fredrick Kipkemboi	Member, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid
Margaret Nyauntu	Member, LMC	18 th November 2019	9 th August 2022	Unsuccessful re-election bid

Review of performance

Income

The fund anticipates to be earning its revenues from public contributions and donations, the County Assembly and other revenues from other exchange transactions. While the incomes from both public contributions/donations and the transfers from the County government of Nandi were nil, principal loans repayments were **KShs. 61,486,497** in the period and **KShs. 4,596,725** earned as interests from loan disbursements. Income from exchange transactions

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

contributed nil balance during the year under review. Income before deductions of expenses decreased by 12.21% from **KShs. 5,241,080** to **KShs. 4,739,698** owing to increased number of borrowers and favourable environment that enabled transfers from county government operations in the period under review.

Projects implementations during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening cash balance of **KShs. 92,167,983** at the beginning the year.

Expenditures

The finance costs during the period amounted to **KShs. 4,320**. Loan processing costs (insurance costs) nil. Thus the gross expenditure was **KShs. 4,320** during the period, a rise compared to previous year.

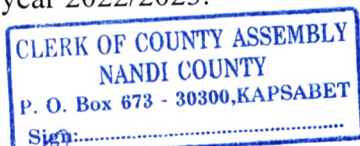
Future outlook

The outlook of the Fund for 2022/2023 looks brighter. The fund established other funds for 18-month car loan scheme to staff from recoveries arising from loans to Member of County Assembly. The aim is to ensure that the asset balance of the fund grows but the funds become available to members who will be elected or nominated in the August 2022. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow Committee Members for their continued support which made us achieve these results.

I look forward to the year 2022/2023.



Signed: _____

Barnaba GK Kosgei,
Chairperson, the Fund Administration Committee

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

5. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S PREDETERMINED OBJECTIVES

The period under review was the period of planning for a transition from the second County Assembly under the devolution since 2013 to the third County Assembly. The County Assembly was therefore causing payments appropriate in respect of gratuity payments of exiting members while investing in particular assets that will crucial assets to assign staff and also the new members elected on the Tuesday the 9th of August, 2022.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Nandi County Assembly Scheme Fund 2018-2022 plan are to:

- a) Disburse at least KShs. 300 million to members of the Scheme Fund
- b) Recover principal repayments within the five years to August 2022 KShs.200 million.
- c) Discharge collaterals of the scheme borrowers as and when they clear dues.

Progress on attainment of strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
1. Disbursement	<ul style="list-style-type: none">• To disburse to the scheme members at least KShs. 300 million in forms of car and mortgage loans	<ul style="list-style-type: none">• By the end year ended June 30 2021, the Scheme Fund had recovered a total KShs. 241,419,119 and disbursed out the approved car grants of KShs. 82,000,000.	<ul style="list-style-type: none">• 63 currently loan borrowers repaying loans	65% scheme fund members funded
2. Recovery	<ul style="list-style-type: none">• To seek the Treasury release of KShs.69 million still held in the County Treasury.	<ul style="list-style-type: none">• The recovery of the KShs. 69,876,335 still held at the County Treasury was not	<ul style="list-style-type: none">• Cash transfer to Fund Accounts and	50%

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

	<ul style="list-style-type: none"> To recover no less than KShs.200 million before August 2022. 	<p>achieved in the year to June 30, 2022 and</p> <ul style="list-style-type: none"> The total recovery was over of KShs.241,419,119 as of June 30, 2022 	<ul style="list-style-type: none"> All borrowers currently repaying loans and all loans insured. 	
3. Custody and discharge of collaterals	<ul style="list-style-type: none"> To charge for each and every title To ensure that all the motor vehicles acquired are registered in the joint names of the County Assembly and the scheme fund borrower 	<ul style="list-style-type: none"> Properties were revalued to consider the worth Failed to secure spousal consent, therefore unable to charge 	<ul style="list-style-type: none"> No default in submission of the land title deed and particular custodial service under lock and key 	100%

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

6. CORPORATE GOVERNANCE STATEMENT

Preface

The NCA Member's Scheme Fund for Mortgage and Car Loan is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. In line with Section 167 of the PFM Act 2012, the fund administrator caused the preparation of these financial statements in FY 2017/2018, in FY 2018/2019 and in FY 2019/2020 which have already been audited. Its mandate is to provide mortgage and car loans to public and state officers of the County Assembly of Nandi.

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. The operations of the fund were then governed by a Public Finance Management Regulations enacted in 2014 which were repealed by the County Assembly of Nandi on January 31, 2018 upon enactment of Public Finance Management (Nandi County Assembly Members' Scheme Fund Mortgages and Car Loans) Regulations, 2018 to govern the operations of the fund. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

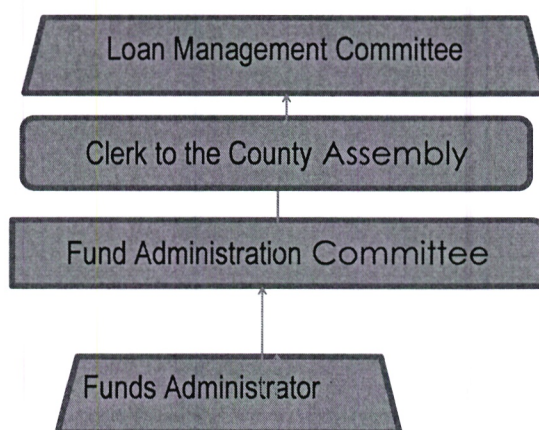
Fund Committees

Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the two committees;

- (a) the Fund Administration Committee and
- (b) Loans Management Committee.

While the Fund Administration Committee constituted from among administrative staff of the County Assembly of Nandi who hold fiduciary responsibilities, the Loan Management Committee is the apex body of the Fund. The Clerk to the County Assembly sits in both committees; as a Chairman of the Fund Administration Committee and a secretary to the LMC. However, as at the end of the FY 2018/2019, the LMC membership had not been adopted by the County Assembly as a required by the regulations and therefore the Fund Administration Committee ran all the activities as the only fully constituted committee. The Fund Administration Committee meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets in the performance contract signed with the county assembly. The Fund Administration Committee also plays an oversight role over all other financial and operational issues.

Organization Structure



NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Statement of Compliance

The Fund Administration Committee confirms that the fund has throughout the FY2021/2022 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

Committee meetings

The Fund Administration Committee held two (2) meetings in each of the twelve months throughout the year ending June 2022 while the Loans Management Committee met seven times during the year. Therefore, during the year under review, the Fund Committees held 31 meetings in total and members' attendance during the period was as follows;

	Loans Management Committee		Fund Administration Committee		Total No of Meetings
	No of Meetings	Members' Attendance	No of Meetings	Members' Attendance	
Jul-21	1	5	2	7	3
Aug-21	0	0	2	6	2
Sep-21	1	4	2	7	3
Oct-21	0	0	2	7	2
Nov-21	0	0	2	6	2
Dec-21	1	6	2	7	3
Jan-22	1	4	2	5	3
Feb-22	1	6	2	7	3
Mar-22	0	0	2	4	2
Apr-22	1	5	2	7	3
May-22	0	0	2	5	2
Jun-22	1	6	2	7	3
	7		24		31

Succession plan

The Fund Committees are to transition in the next financial year with the election campaign period commencing, this phenomenon especially affecting the membership of the Loans Management Committee. To this extend the Scheme Fund has the following plans;

1. Drafting regulations to introduce new membership of the Loans Management Committee who shall be representatives of the Scheme Fund banks, an external

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

member representing the public interest and representative of the County Assembly Service Boards secretariat. The approval of these regulations, in either its current form or amended version, will be largely dependent upon the County Assembly of Nandi.

2. **Employment of one staff.** The Loans Management Committee had in the year 2021-2022 considered this proposal, advertised for applications and a selection of Mrs Eunice Chebitok who qualified during the interview for the position of a Fund Clerk had been done. A meeting to ratify this decision is scheduled to be undertaken at the County Assembly Service Board of Nandi in due course during the year 2021-2022.

Existence of a service charter

While currently there is no approved service charter, the Scheme Fund awaits the approval of regulations to enhance the promulgation of service charter consistent with those regulations.

Process of appointment and removal of trustees

Currently the process of appointment and removal of trustees is within the discretion of the accounting officer to the Fund, the Clerk of the County Assembly of Nandi, as per the approved regulations.

The roles and functions of Trustees

The primary purpose of the loans management and fund administration committees are to approve loans disbursements, financial statements and strategy reports.

Induction and training

The members of the committees underwent various training during the year.

Conflict of interest

There have been no reports in the conflict of interest register to warrant discussion. There are no imminent threats of compromise of integrity of officers at the moment. However, with the anticipated employment of the clerical staff to the Fund.

Board Remuneration

There were no board remunerations during the year under review.

Ethics and Conduct

The officers' assigned responsibilities to work within the structures of the fund are guided by the laws governing the public finance management and the constitutional foundations guiding ethics and integrity.

Governance audit

The governance audit was undertaken by a team of consultants and report was tabled at the County Assembly Service Board for review and possible adoption. The audit comments, advisory opinions and recommendations arising from the exercise shall inform the Loans Management Committee and the Board on establishment of scheme of service of officers to serve in the Scheme Fund.

NANDI COUNTY ASSEMBLY SCHEME FUND
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Fund Administration Committee changes

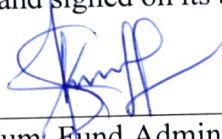
There were neither fund administration committee changes or loan management committee member's reconstitution or amendment of list of members during the period.

Auditor

The fund is audited by the Auditor-General. The Office of the Auditor conducted the first external audit for the financial operations of FY 2021/2022 which gave the fund an adverse opinion. The subsequent two audits have consequently given the Fund qualified opinion.

Approval of the corporate governance statement

The corporate governance statement was approved by the Fund Administration Committee on 13th December 2022 and signed on its behalf by:



Isaac Kiplagat Tum, Fund Administrator,
NCA MEMBERS' SCHEME FUND

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

7. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 PREFACE

The fund has continued to grow over the 5 years since its establishment and the management has put measures in place to safeguard against risks. The management has ensured that we comply with statutory requirements relating to the functions of the fund

9.2 BUSINESS PERFORMANCE

9.2.1 Revenues

The performance of business in FY 2021/2022 was KShs. 4,735,378 up from business performance of KShs. 78,319,167) in a similar period in the FY 2020/2021. This represents a positive business performance of 106.05%. There was a decrease in interest incomes in FY 2021/2022 from **KShs. 5,241,080** charged on loans in FY 2019/2020 to **KShs. 4,739,698** charged on loans in FY 2020/2021 mainly because the running loan recoveries of loans of MCAs were closed before of the end of the year under review upon complete repayment. This was mainly due to the growth in number of scheme borrowers from 78 to 82 respectively.

The total expenses in the financial year 2020/2021 amounted to **KShs. 83,560,247** comprised of;

- a) Bank charges and commissions of KShs. 4,320 in FY 2021/2022 down by KShs. 3,960 (-47.8%) from KShs. 8,280 in FY 2020/2021

9.2.2 Cash flow

The cash and cash equivalents increased from **KShs 37,104,761** as at 30 June 2021 to **KShs. 92,167,983** as at 30 June 2022. There was net decrease in cash and cash equivalents of **KShs. 55,063,222** during the period under review.

Summarily, the net changes in;

- 1) Cash flows from operations resulted in a net decrease of KShs. 4,735,378 comprising of incomes totaling KShs. 4,739,698 less expenses totaling KShs. 4,320.
- 2) Cash flow from investing activities were net increase of KShs. 50,327,844 comprising of proceeds from loan principal repayments totaling KShs. 61,347,844 less loan disbursements paid out totaling KShs. 11,020,000.
- 3) Cash flows from financing activities was nil in the FY 2021/2022. The regulations mandated the Fund committees with strategic decision making including on investing activities.

9.3 OPERATIONAL PERFORMANCE

- 9.3.1 The Fund continues to encounter challenges in its cash flow management mainly because of the following reasons;

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

9.3.1.1 Failure by the County Government of Nandi to remit a total of **KShs. 69,876,335** deducted from the members of County Assembly who served between March 27th, 2013 and August 8th, 2017.

9.3.1.2 Historically, there exists an unfavourable decision making set up in the approval of the Nandi County Budgetary decisions and delayed treasury releases to the County Assembly. In all approvals the specific allocations for the transfers to the Fund became donor votes to other needy areas. In FY 2017/2018, the appropriation as at July 1, 2017 KShs. 61 million earmarked for loans were reduced on April 30, 2018 to KShs. 20 million, while in FY 2018/2019, the County Assembly of Nandi allocation as at July 1, 2018 budgeted to be transferred to the Fund was KShs. 44 million which were later reduced to KShs.22 million on May 2019. Similarly, in FY 2019/2020, owing the Covid-19 virus pandemic and prior amendment of County priorities and objectives, the provision of KShs. 20,800,000 in the County Assembly of Nandi Budget Estimates were transferred to more needy programs much to the detriment of the Scheme Fund. In FY 2020/2021, the budget of transfers from the County Government operations was KShs. 15 million but only KShs. 4.1 million were received in respect of those transfers, a dismal performance of 27.33%.

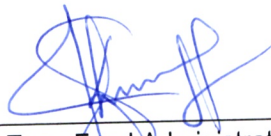
9.3.2 The Fund disbursed a total of KShs. 11,020,000 as loans based as approved loan application(s) of the 3 public officers.

9.4 CONCLUSION

We, the management team of the Nandi County Assembly Scheme Fund, reviewed the prospects of the Fund and affirm that the Fund's outlook is bright.

We look forward to a better FY 2021/2022!

Signed on 13th December 2022, by



Isaac Kiplagat Tum, Fund Administrator,
NCA MEMBERS' SCHEME FUN

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Nandi County Assembly Scheme Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organization, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organization's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organization should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organization maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

9. REPORT OF THE TRUSTEES

The Loan Management Committee submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are;

- (a) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- (b) To provide a loan scheme for the purchase of vehicles by members of the Scheme.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 20-25

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



Barnaba GK Kosgei,

Member of the Loans Management Committee

Date: 12th December 2022.

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

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 Public Finance Management (Nandi County Assembly Scheme Fund) Regulations of 2018 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, 2021. 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Nandi County Assembly Scheme Fund) Regulations of 2018. 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, 2021, 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 20th December 2022 and signed on its behalf by:



CPA ISAAC KIPLAGAT TUM
FUND ADMINISTRATOR OF THE NANDI COUNTY ASSEMBLY SCHEME FUND

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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 NANDI COUNTY ASSEMBLY SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nandi County Assembly Scheme Fund set out on pages 24 to 65, which comprise the statement of financial position as at 30 June, 2022 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

Report of the Auditor-General on Nandi County Assembly Scheme Fund for the year ended 30 June, 2022

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 Nandi County Assembly Scheme Fund as at 30 June, 2022, 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 Nandi County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Disclosures in the Financial Statements

1.1 Non-Disclosure of Capital Risks

The statement of financial position reflects cash and cash equivalents and revolving fund balances of Kshs.92,167,983 and Kshs.281,522,433 respectively. However, the capital risks associated with the financial assets and liabilities have not been disclosed in notes to the financial statements as required under IPSAS 1 Presentation of financial statements paragraph 25.

2. Receivables from Exchange Transactions

The statement of financial position reflects current term receivables and long-term receivables from exchange transactions balances of Kshs.10,121,956 and Kshs.179,232,494 respectively as discloses in Note 12 to the financial statements. Included in the amount is Kshs.69,876,335 owing from County Executive of Nandi in relation to deductions made by the County Government from the Members of the County Assembly who served between 27 March, 2013 and 8 August, 2017, but which had never been remitted to the Fund.

Although the receivables have been classified, under credit risk as performing, the recoverability of other debtors County Executive amounting to Kshs.69,876,335 was in doubt.

Under the circumstances, the accuracy and recoverability of receivables from exchange transactions balances of Kshs.69,876,335 could not be confirmed.

3. Statement of Changes in Net Assets

The statement of changes in net assets reflects revolving fund and accumulated surplus balances of Kshs.276,787,054 and Kshs.4,735,378 respectively which are at variance with Kshs.281,522,432 and nil balances reflected in the statement of financial position. The resultant variances of Kshs.4,735,432 and Kshs.4,735,378 respectively has not been reconciled or explained.

Under the circumstances, the accuracy and completeness of the revolving fund balance of Kshs.276,787,054 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nandi County Assembly Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

During the financial year ended 30 June, 2022, a comparison of the Fund's approved budget and actual results shows the Fund realized total revenue amounting to Kshs.4,739,698 against a budget amount of Kshs.4,593,072 resulting to over collection of Kshs.146,626 mainly contributed by the overcollection from interest income. Similarly, the Fund had approved budget expenditure amounting to Kshs.4,540 against actual revenue of Kshs.4,539,698. This resulted to excess revenue of Kshs.4,588,532. The unspent revenue may deny the intendent beneficiaries the services.

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

Fringe Benefits Tax

The Nandi County Assembly operates a Car and Mortgage Loan Scheme for both the members and employees of the County Assembly. Review of the loan amortization schedules provided for audit revealed that the Fund had disbursed loans amounting to Kshs.11,020,000 during the year under review to the Scheme members. However, the Fund Management did not provide evidence of remittance of the applicable fringe benefit tax to the tax authorities in contravention of the provisions of Income Tax Act Cap. 470 12B (1) which states that notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate, to an individual who is a director or an employee or is a relative of a director or an employee, by virtue of his position as director or his employment or the employment of the person to whom is related.

In the circumstances, Management was 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Long Term Receivables from Exchange Transactions

The statement of financial position reflects current term receivables and long-term receivables from exchange transactions balances of Kshs.10,121,956 and Kshs.179,232,494 respectively all totalling to Kshs.189,354,450 as disclosed in Note 12 to the financial statements. However, no evidence was provided to confirm that the borrowers provided duly signed transfer deeds and letters authorizing the Fund Administration Committee to sell their property in case of default in repayment. In addition, the Fund Management does not have a charge registered against the titles of the properties used to secure the mortgage loans. This is contrary to Regulation 10 of the Nandi County Assembly Scheme Fund Regulation, 2021.

The Fund is therefore exposed to risk of loss of funds in case of default on loan repayment.

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 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

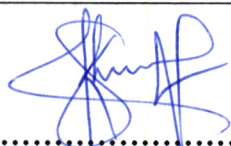
Nairobi

31 March, 2023

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021/22	2020/21
		KShs.	KShs.
Revenue from non-exchange transactions			
Public contributions and donations	1	0	0
Transfers from the County Government	2	0	0
Fines, penalties and other levies	3	0	0
Revenue from exchange transactions			
Interest income	4	4,739,698	5,241,080
Other income	5		0
Total revenue		4,739,698	5,241,080
Expenses			
Employee Costs	6		
Use of Goods and Services	7	4,320	83,560,247
Depreciation and Amortization Expense	8	0	0
Finance costs	9	0	0
Total expenses		4,320	83,560,247
Other gains/losses			
Gain/loss on disposal of assets	10	0	0
Surplus/(deficit) for the period		4,735,378	(78,319,167)



.....
Name: ISAAC KIPLAGAT TUM
Administrator of the Fund



.....
Name: DAVID KIPKOSGEY TOO
Fund Accountant
ICPAK Member Number:26135

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

13. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021-2022	RESTATED 2020-2021	2020-2021
Assets				
Current assets				
Cash and cash equivalents	11	92,167,983	37,104,761	37,104,761
Current term receivables	12	10,121,956	62,580,564	62,580,564
Prepayments	13			0
Inventories	14			0
Non-current assets				
Property, plant and equipment	15			0
Intangible assets	16			0
Long term receivables from exchange transactions	12	179,232,494	177,101,729	102,969,731
Total assets		281,522,433	276,787,054	202,655,056
Liabilities				
Current liabilities				
Trade and other payables	17	0	0	0
Provisions	18	0	0	0
Current portion of borrowings	19	0	0	0
Employee benefit obligations	20	0	0	0
Non-current liabilities				
Non-current employee benefit obligation	20	0	0	0
Long term portion of borrowings	19	0	0	0
Total liabilities		0	0	0
Net assets		281,522,433	276,787,054	202,655,056
FINANCED BY:				
Revolving Fund		281,522,432	276,787,054	355,106,221
Reserves				
Accumulated surplus		0		(78,319,167)
Total Equity		281,522,432	276,787,054	276,787,054

In accordance with IPSAS 3, the financial statements of FY 2020-2021 have been restated. 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 20th December 2022 and signed by:

.....
Name: ISAAC KIPLAGAT TUM
Administrator of the Fund

.....
Name: DAVID KIPKOSGEY TOO
Fund Accountant
ICPAK Member Number: 26135

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

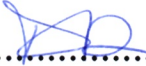
14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2020	355,106,221	0	0	355,106,221
Surplus/(deficit) for the period	0	0	(78,319,167)	(78,319,167)
Funds received during the year	0		0	0
Revaluation gain	0	0	0	0
Balance as at 30th June 2021	355,106,221	0	(78,319,167)	276,787,054
Balance as at 1 July 2021	276,787,054	0	0	276,787,054
Surplus/(deficit) for the period	0	0	4,735,378	4,735,378
Funds received during the year	0		0	0
Revaluation gain	0	0	0	0
Balance as at 30th June 2022	276,787,054	0	4,735,378	281,522,432

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 20th December 2022 and signed by:



.....
Name: ISAAC KIPLAGAT TUM
Administrator of the Fund



.....
Name: DAVID KIPKOSGEY TOO
Fund Accountant
ICPAK Member Number: 26135

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

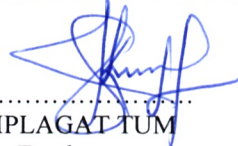
	Note	2021-2022	RESTATED	2020-2021
		Kshs		Kshs
Cash flows from operating activities				
Receipts				
Public contributions and donations			0	0
Transfers from the County Government			0	0
Interest received		4,739,698	4,615,836	4,615,836
Receipts from other operating activities			0	0
Total Receipts		4,739,698	4,615,836	4,615,836
Payments				
Fund administration expenses		0	1,551,967	1,551,967
General expenses		4,320	82,000,000	82,000,000
Finance cost		0	8,280	8,280
Other payments		0	13,534,877	13,534,877
Total Payments		4,320	97,095,124	97,095,124
Net cash flows from operating activities	21	4,735,378	(92,479,288)	(92,479,288)
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets		0	0	0
Interest on Fixed Deposit		0	625,244	625,244
Proceeds from sale of property, plant and equipment		0	0	0
Proceeds from loan principal repayments		61,347,844	42,791,668	38,604,498
Loan disbursements paid out		(11,020,000)	(13,830,500)	(13,830,500)
Net cash flows used in investing activities		50,327,844	29,586,412	25,399,242

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

	Note	2021-2022	RESTATED	2020-2021
		Kshs		Kshs
Cash flows from financing activities				
Proceeds from revolving fund receipts				
Additional borrowings		0	0	0
Repayment of borrowings		0	0	0
Net cash flows used in financing activities		0	0	0
Net increase/(decrease) in cash and cash equivalents		55,063,222	(62,892,877)	(67,080,046)
Cash and cash equivalents at 1 JULY	11	37,104,761	99,997,637	99,997,637
Cash and cash equivalents at 30 JUNE	11	<u>92,167,983</u>	<u>37,104,761</u>	<u>37,104,761</u>

In accordance with IPSAS 3, the financial statements of FY 2020-2021 have been restated. 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 20th December 2022 and signed by:

.....
Name: ISAAC KIPLAGAT TUM
Administrator of the Fund



.....
Name: DAVID KIPKOSGEY TOO
Fund Accountant
ICPAK Member Number: 26135



NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	KShs
Revenue						
Public contributions and donations	0	0	0	0	0	
Transfers from County Govt.	15,000,000	(15,000,000)	0	0	0	
Interest income	4,593,072	0	4,593,072	4,739,698	146,626	3.19%
Total income	19,593,072	(15,000,000)	4,593,072	4,739,698	146,626	3.19%
Expenses						
Fund Administration Expenses	3,000,000	(3,000,000)	0	0	0	
General Expenses	4,540	0	4,540	4,320	(220)	-4.85%
Finance Cost		0		0	0	0.00%
Total expenditure	3,004,540	(3,000,000)	4,540	4,320	(220)	-4.85%
Surplus for the period	16,588,532	(12,000,000)	4,588,532	4,735,378	146,846	8.04%

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17. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Nandi County Assembly is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the County Government of Nandi and is domiciled in Kenya. The entity’s principal activity is lending mortgage and car loans.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s

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Standard	Effective date and impact:
	<p>cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between 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 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representatives 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-	<i>Applicable 1st January 2025</i>

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Standard	Effective date and impact:
Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

2. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 24th June 2022. 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 in Page 28 of these financial statements.

NANDI COUNTY ASSEMBLY SCHEME FUND
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Summary Of Significant Accounting Policies (Continued)

c) 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.

d) Intangible Assets

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

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

e) Financial instruments

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.

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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 de-recognized 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.

NANDI COUNTY ASSEMBLY SCHEME FUND
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Summary of Significant Accounting Policies (Continued)

f) Inventories

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

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

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

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

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

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

g) 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.

NANDI COUNTY ASSEMBLY SCHEME FUND
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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.

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

The Nandi County Assembly Scheme Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) 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.

k) 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.

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

l) 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.

m) 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.

n) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act, 2012 under the County Assembly of Nandi. Its ultimate parent is the County Assembly of Nandi

r) Currency

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

NANDI COUNTY ASSEMBLY SCHEME FUND
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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

b) Useful lives and residual values

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

- (i) The condition of the asset based on the assessment of experts employed by the Scheme Fund
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (iii) The nature of the processes in which the asset is deployed
- (iv) Availability of funding to replace the asset
- (v) Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes to the Financial Statements

1 Public contributions and donations

Description	FY 2021/2022	FY 2020/2021
		KShs
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

2 Transfers from County Government

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Transfers from County Government – operations	0	0
Payments by County Assembly on behalf of the entity	0	0
Total	0	0

3 Fines, penalties and other levies

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

4 Interest income

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Interest income from loans (mortgage or car loans)	4,739,698	4,615,836
Interest income from loans (fixed term deposits)	0	625,244
Total interest income	4,739,698	5,241,080

Notes to the Financial Statements Continued

5 Other income

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Insurance recoveries		0
Income from sale of tender documents		0
Miscellaneous income		0

NANDI COUNTY ASSEMBLY SCHEME FUND

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Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Miscellaneous income		0
Total other income		0

6 Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other	0	0
Total	0	0

7 Use of Goods and Services

Description	2021/22	2020/21
	KShs.	KShs.
General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	0	0
Bank Charges	4,320	8,280
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0
Provision For Doubtful Debts	0	82,000,000
Other	0	0
Total	4,320	82,008,280

8 Depreciation and Amortization Expense

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Description	2021/22	2020/21
	0	0
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9 Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

10 Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	0	0
Intangible Assets	0	0
Total	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

11 Cash and cash equivalents

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Fixed deposits account		0
On – call deposits		0
HFCK Current account: No.7040003061-0	88,165,290	36,858,938
HFCK Current account: No.1924813202	0	0
Credit Bank Limited Ac No. 0091018000055	4,002,692	245,822
Total cash and cash equivalents	92,167,983	37,104,761

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

Financial institution	FY 2021/2022	FY 2020/2021
	KShs	KShs
a) Fixed deposits account		
Kenya Commercial bank		
Equity Bank, etc		
Sub- total		0
b) On - call deposits		
Kenya Commercial bank		
Equity Bank - etc		
Sub- total		0
c) Current account		
HFCK Limited A/c No. 7040003061-0	88,165,290	36,858,938
HFCK Limited A/c No. 1924813202	0	0
Credit Bank Limited A/c No. 0091018000055	4,002,692	158,653
Sub- total	92,167,983	37,017,591
d) Others (specify)		
Cash in transit		0
Cash in hand		0
M Pesa		0
Sub- total		0
Grand total	92,167,983	37,017,591

NANDI COUNTY ASSEMBLY SCHEME FUND
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Description	2021-2022	RESTATED 2020-2021	2020-2021 Kshs
Current Receivables			
Interest receivable			
Current loan repayments due	10,121,956	62,580,564	62,580,564
Less: impairment allowance			
Total Current receivables	10,121,956	62,580,564	62,580,564
Non-Current receivables			
Long term loan repayments due	109,356,159	107,225,394	102,969,731
Other debtors (County Executive of Nandi)	69,876,335	69,876,335	
Total Non-current receivables	179,232,494	177,101,729	102,969,731
Total receivables from exchange transactions	189,354,450	239,682,293	165,550,295

12 Receivables from exchange transactions

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	1,594,908	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	12,108,373	0
Current loan repayments due		0
Current portion of long-term loans from previous years	8,266,240	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	50,664,839	0

13 Prepayments

Description	2021-2022	2020-2021
	KShs	KShs
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Total	0	0

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Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores	0	0
Spare parts and meters	0	0
Catering	0	0
Total inventories at the lower of cost and net realizable value	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND

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Notes to the Financial Statements (Continued)

15 Property, plant and equipment

		Land and Buildings	Motor vehicles	Furniture and fittings	Total
		KShs	KShs	KShs	KShs
Cost					
At 1st July 2016	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0
At 30th June 2017	0	0	0	0	0
At 1st July 2017	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0
At 30th June 2018	0	0	0	0	0
Depreciation and impairment					
At 1st July 2016	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2017	0	0	0	0	0
At 1st July 2017	0	0	0	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2022

		Land and Buildings	Motor vehicles	Furniture and fittings	Total
Cost		KShs	KShs	KShs	KShs
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0
At 30th June 2018	0	0	0	0	0
Net book values					
At 30 th June 2017	0	0	0	0	0
At 30 th June 2018	0	0	0	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

16 Intangible assets

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

17 Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	0	0
Refundable deposits	0	0
Accrued tax expenses	0	0
Other payables	0	0
Total trade and other payables	0	0

18 Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilized	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End Of The Year (30.06.2022)	0	0	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND
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Notes to the Financial Statements (Continued)

19 Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	0	0
Repayments Of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization	0	0
Sterling Pound Denominated Loan From 'Y Organization	0	0
Euro Denominated Loan from Z Organization	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End Of The Year	0	0

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

20 Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

21 Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	4,739,698	4,615,836
Finance Cost		
Working Capital Adjustments	0	0
Increase In Inventory	0.00	0.00
Increase In Receivables	(4,320)	(97,095,124)
Increase In Payable		
Net Cash Flow From Operating Activities	4,735,378	(92,479,288)

NANDI COUNTY ASSEMBLY SCHEME FUND
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Other Disclosures

22 Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23 Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Cases against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND

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Other Disclosures Continued

1. 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 minimize 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 counter-party 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 2022				
Receivables From Exchange Transactions	189,354,450	189,354,450	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	92,167,983	92,167,983	0	0
Total	281,522,433	281,522,433	0	0
At 30 June 2021	0	0	0	0
Receivables From Exchange Transactions	239,682,293	239,682,293	0	0
Receivables From Non Exchange Transactions	0	0	0	0
Bank Balances	37,104,761	37,104,761	0	0
Total	276,787,054	276,787,054	0	0

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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 noncollectable amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts.

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 un discounted 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 2022				
Trade Payables	0	0	0	0
Current Portion of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2021	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND

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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 optimizing 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 2021	0	0	0
Financial Assets	0	0	0
Investments	0	0	0
Cash	92,167,983	92,167,983	0
Debtors/ Receivables	189,354,450	189,354,450	0
Liabilities	0	0	0
Trade And Other Payable	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

NANDI COUNTY ASSEMBLY SCHEME FUND
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Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	473,538	27,678,705
USD	10%	473,538	27,678,705
2021			
Euro	10%	(7,831,917)	(7,831,917)
USD	10%	(7,831,917)	(7,831,917)

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 endeavored 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.

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:

	2021-2022	2020-2021
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NANDI COUNTY ASSEMBLY SCHEME FUND
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	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

NANDI COUNTY ASSEMBLY SCHEME FUND
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18. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
a) Difference between the Financial Statements and the Trial Balance	The financial statement figures had differed with the trial balance submitted for the FY 2020-2021	The Nandi County Assembly Scheme Fund submits to correct the anomaly caused by submission of trial balances of originally submitted estimates in a manner the persuaded to believe they were for the amended financial statements for the FY 2019-2020.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year 2021-2022
b) Notes to the Financial Statements	Cash generated from operations were not analysed in Note 23 as was appropriate.	The amended Financial Statements for the FY 2020-2021 have been prepared taking into account this recommendation and therefore	Barnaba GK Kosgei,	Resolved	Year ended June 30, 2022

NANDI COUNTY ASSEMBLY SCHEME FUND
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
		Note 23 presents cash flow generated from operations.			
11.1 Cash and Cash Equivalents	The opening balances reported in the amended financial statements were KShs. 44,259,466 while prior year statements reported end year balances of KShs. 44,258,707. Further, note 11 reported that HFCK Account No. 1924813202 had KShs. 4,078,425 while prior year financial statements reported end balances as KShs. 4,077,665.	The journal entries on cash and cash equivalents reporting the end year balances as at June 30, 2019, were prepared and the same is subject to review by the auditors and the oversight committees of the County Assembly and the Parliament.	Clerk, County Assembly of Nandi	Resolved	Year ended June 30, 2022
11.2 Statement of Changes in Net Assets	A reconciliation of a difference between KShs.	A reconciliation statement on the figures has been prepared but the same	Barnaba GK Kosgei, Clerk, County Assembly	Resolved	Year end of 2021-2022

NANDI COUNTY ASSEMBLY SCHEME FUND
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	326,090,439 at the end of year 2018 and the KShs. 350,581,173 that were the opening balances of the year ending June 30, 2019 was recommended.	shall be considered at the oversight bodies.	y of Nandi		
11.3 The Statement of Comparison of Budget and Actual Amounts for the year June 30 th 2020	A reconciliation statement on the matter as required under IPSAS 24.14 was recommended of the tabulated differences between the statement of comparison of budget and actual amounts for the year ending June 30, 2020.	A reconciliation statement has been prepared for the purpose of explanation to the auditors prior to a schedule of hearings by both the Senate Committee on public accounts and investment and the County Assembly of Nandi's Public Accounts and Investment.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year 2020-2021
11.4 Interest Incomes	Reconciliation was done about the interest incomes re-computation by the				

NANDI COUNTY ASSEMBLY SCHEME FUND

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	auditors and those in the financial statements of the FY 2018-2019 and journal entries.				
11.5 Fringe Benefit Tax	The records availed to the auditors indicated that no payment of fringe benefit taxes of the loans advanced to 62 borrowers.	The County Assembly of Nandi resolved to have payments of Fringe Benefit Tax totalling KShs. 13,534,877 paid from the Fund as per the auditor's recommendations in lieu of credit from the County Assembly in the next financial year of a similar amount.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year end of 2021-2022
11.6 Receivables from Exchange Transactions	The loans disbursement amounting to KShs. 291.96 million paid directly to loan borrowers and currently being recovered instead of	The County Assembly has recovered the loans disbursement and consequently it is important to await the new disbursement of MCAs	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Resolved	Year end of 2021-2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	payment to property owners.				
Receivables from Exchange Transactions	Official searches of the title of the property to be purchased, certified copies of the sale agreements and copies of designs of proposed residential property approve by the relevant county government department hadn't been availed for audit.	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2021-2022
Receivables from Exchange Transactions	No evidence was availed to enable auditors verify whether the motor vehicles and land purchased by the fund are jointly registered by the loan borrowers	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2022-2023

NANDI COUNTY ASSEMBLY SCHEME FUND

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
	and the Board.				
Receivables from Exchange Transactions	Loan application forms were not approved by the car/mortgage management committee	The resolution of this matter awaits senate or county assembly oversight meetings on the public accounts.	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2022-2023
11.7 Implementation of Oversight Bodies Recommendations	The auditors reported that there was no evidence that the financial statements were submitted to the County Assembly after audit opinion had been raised by the Auditor General	It is true that there was no evidence at that time but it was because the Auditor General in release of the opinion to a level that it wasn't possible to table the same at County Assembly before the lapse of end year on June 30, 2020. However, during the year under review every effort was not spared and audit reports in respect of two financial years were tabled at both the Senate and the County Assembly for	Barnaba GK Kosgei, Clerk, County Assembly of Nandi	Unresolved	Year end of 2022-2023

NANDI COUNTY ASSEMBLY SCHEME FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe:
		consideration by relevant committees.			
11.8 Internal Control Environment and Overall Risk Management in the Fund's Operations	The auditors observed that the Scheme Fund had neither internal control management strategy and risk management arrangement in processing of loans applications leading to non-adherence to laws and regulations.	The County Assembly has prepared both the risk management strategy and internal control management.			