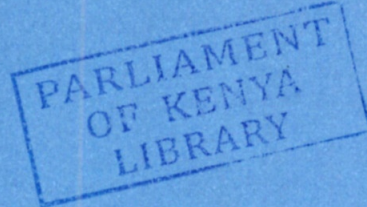


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**MACHAKOS COUNTY ASSEMBLY HOUSING
AND CAR LOAN SCHEME FUND**

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

PAPERS LAID	
DATE	12/3/2024
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Cherop

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

14 DEC 2023

RECEIVED



**MACHAKOS COUNTY ASSEMBLY HOUSING AND CAR LOAN
SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
CAM	County Assembly of Machakos
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CSR	Corporate Social Responsibility
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KSHS	Kenya Shillings
LMC	Loan Management Committee
MCA	Member of County Assembly
N/A	Not Applicable
SRC	Salaries and Remuneration Commission

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Fund Regulations	The laws establishing and guiding the operations of the Fund; approved by the County Assembly

2. Key Entity Information and Management

a) Background information

Machakos County Assembly Housing and Car Loan Scheme Fund is established by and derives its authority and accountability from Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 whose effective date was 6th December, 2018. The Fund is wholly owned by the County Government of Machakos and is domiciled in Kenya.

The fund's objective is to disburse Car and Mortgage funds to State officers (MCAs) and ensure accountability and proper use of Public funds.

The Fund's principal activity is to manage all funds disbursed from the County Treasury to the fund.

The County Assembly as constituted per the Constitution of Kenya is headed by the Speaker who is responsible for the general policy and strategic direction of the Assembly. The Machakos County Assembly constitutes of 60 Members of County Assembly (MCAs) excluding the Speaker, both elected and nominated. The MCAs roles as outlined in the Constitution are as follows:

- a) Legislation
- b) Oversight
- c) Representation.

b) Principal Activities

The principal mandate of the Fund is to advance loans to public officers in accordance with the PFM Act, 2012 and the Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018.

The Fund, as it implements its mandate, seeks to attain the County Assembly's larger Vision and fulfil its Core Values which are:

Vision: An Exemplary Legislative Assembly

Mission: To make a positive impact on the people through Legislation, Representation and Oversight

Core Values: Teamwork, Integrity, Innovation, Inclusiveness, Equity and Servant Leadership

c) Loan Management Committee

Ref.	Name	Position
1.	Hon. Nicholas K. Nzioka	Chairman of the Board/ Majority Leader
2.	Hon. Judas M. Ndawa	Vice chairman /Minority Leader
3.	Hon. Everlyne Nzeki	Member

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4.	Hon. Raphael Nzau Lucky	Member
5.	Hon. Dominic M. Ndambuki	Member - Chairman of Budget and Appropriations Committee
6.	Hon. Johana Munyao	Member
7.	Hon. Catherine Mutio Muia	Member
8.	Hon. Loyd Mutua	Member
9.	Mr. Joseph Laban Mutisya	Clerk to the County Assembly

d) Key Management

Ref.	Position	Name
1.	Fund Administrator	Mr. Joseph Mutisya
2.	Principal Finance Officer	Mr. Benson Mutua
3.	Fund Manager	Mr. Sylvester Nzangi

e) Fiduciary Oversight Arrangements

S/N.	Position	Name
1.	Principal Internal Auditor	Mr. Francis M. Mwatha

f) Registered Offices

County Assembly Headquarters,
Along Mwatu wa Ngoma Street
P. O. Box 1168 - 90100,
Machakos.

g) Fund Contacts

Telephone: (254) 95-017-034 or 25476645659

E-mail: assemblymks@gmail.com

Website: www.machakosassembly.com

h) Fund Bankers

1. SBM Bank
Machakos Branch
2. Kenya Commercial Bank
Machakos Branch
3. Chase Bank (In Receivership)
4. Kenya Deposit Insurance Corporation (KDIC)

**Machakos County Assembly Housing and Car Loan Scheme Fund
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i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney



The County Attorney
County Government of Machakos
P. O. Box 1996 – 90100,
MACHAKOS.

**Machakos County Assembly Housing and Car Loan Scheme Fund
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3. The Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Hon. Nicholas Kitavi Nzioka</p> 	<p>Chairman of the Board/Majority Leader</p> <p>D.O.B: 04/06/1977</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Environmental Studies (Planning and Management) • Diploma in Human Resource Management – Part 1 • KCSE B+ • KCPE <p>Work Experience: August 2022 to date: Machakos County Assembly as a Member of County Assembly</p>
<p>2. Hon. Judas Mbili Ndawa</p> 	<p>Vice chairman/Minority Leader</p> <p>D.O.B: 22/02/1973</p> <p>Academic Qualifications: Bachelor of Commerce- Business Administration Option Diploma in Human Resource Management Diploma in Business Management</p> <p>Work Experience: 2017 to date: Member of County Assembly – County Assembly of Machakos</p>
<p>3. Hon. Everlyne Nzeki</p> 	<p>Member</p> <p>D.O.B: 01/03/1979</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Business Administration (Procurement & Supply Chain Management) • Diploma in Business Technical, Education and Training (TVET) • Certificate in Primary Teachers certificate • Certificate in Computer Applications • KCSE C+ <p>Work Experience:</p>


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	<p>August 2022 to date: Machakos County Assembly as a Member of County Assembly</p>
<p>4. Hon. Raphael Nzau Lucky</p> 	<p>Member</p> <p>D.O.B: 01/01/1971</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Diploma in Welding and Fabrication Technology • Certificate in computer studies • KCSE C+ • KCPE <p>Work Experience:</p> <p>August 2022 to date: Machakos County Assembly as a Member of County Assembly</p>
<p>5. Hon. Dominic Ndambuki</p> 	<p>Member - Chairman of Budget and Appropriations Committee</p> <p>D.O.B: 15th April, 1984</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Master of Business Administration, Kenyatta University • Bachelor of Business Administration(Marketing), Kenya Methodist University • KCSE <p>Work Experience:</p> <ul style="list-style-type: none"> • August, 2017 to date: Member of County Assembly, Machakos County Assembly • 2009-2017: Customer Relations Supervisor, Toyota Kenya.
<p>6. Hon. Johana Munyao</p>	<p>Member</p> <p>D.O.B: 4th April, 1970</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • 2020 to Date : St Pauls University - Strategic Management -2016: KCA University – Masters in Business Administration

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	<p>-1990: Kenyatta University –Bachelor of Education -2002: Kenya Institute of Management –Diploma in Marketing Management -2003:Almak Training College – Computer Application packages -1986:Kyanguli Secondary School –KCSE -1978:Mutituni Primary School-KCPE</p> <p>Work Experience: -May 1995-Dec 1998: Teacher, Itetani High School -Jan 1999-2003: Teacher Ngomeni Secondary School -April 2004-2006: District Trainer in Mathematics -2007-2008: Regional Sales manager in K.L.B -2009-2013: Regional Sales Manager (Central region) -2013-2016:County Director- Ministry of Water – Machakos County -2017 to DATE Member of County Assembly Machakos.</p>
<p>7. Hon. Catherine Mutio Muia</p> 	<p>Member</p> <p>D.O.B: 30th April 1963</p> <p>Academic Qualifications: •1983: New Era College – Secretarial -2002: IAT Test Centre –Computer packages -1979: Senior Chief Koinanage High School- KCPE -1972: Dr Kraft primary School: CPE</p> <p>Work Experience: -1984-1988 : Secretary – Ndeto Mututo Advocates -1988-2008: Personal Secretary Musyoka & Wambua Advocates -2008-2017: ODM doing Administrative Duties 2022 to DATE • Member of County Assembly</p>
<p>8. Hon. Loyd Mutua</p>	<p>Member</p> <p>D.O.B: 25th May,1989</p> <p>Academic Qualifications: -2011: Meru University of Science and Technology Bachelor of Commerce -2005:Thinyaine High School – KCSE -1996:Mwepohkanga Primary School- KCPE</p>

**Machakos County Assembly Housing and Car Loan Scheme Fund
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	<p>Work Experience:</p> <ul style="list-style-type: none"> -August, 2013 to Jan, 2014: Finance/Credit Officer intern Nyambene Arimi Sacco -Sep, 2014 –Dec, 2015 : Fleet Supervisor – Mwiira Enterprises -Jan, 2017-January, 2018: Secretariat Maendeleo Chap Chap -Jan, 2018-January, 2019 Head of political research and development -January, 2019-August, 2022 Sub county Communication officer – Machakos County Government -August, 2022 to DATE Member of County Assembly Machakos
<p>9. Mr. Joseph Laban Mutisya</p>	<p>Clerk to the County Assembly of Machakos</p> <p>D.O.B: 01/07/1974</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Masters in Business Administration • Bachelor of Science (HRM). • Higher Dip. in Human Resource Mgt • Dip. in Human Resource Mgt, • Dip. in Business Mgt & Admin, • Cert. in Personnel Mgt & Industrial Relations • Member- IHRM • KCSE B- <p>Work Experience:</p> <p>9th February, 2022 to Date– Clerk to the County Assembly</p> <ul style="list-style-type: none"> •May, 2013-July, 2018: Director, Human Resource Management, County Assembly of Machakos •May, 2013: Chief Administrative Officer, HRM, City Council of Nairobi •2011-2012: Ag. Principal Administrative Officer, •2010: Administrative Officer, City Council of Nairobi •2003-2010: Internal Auditor, Contracts and Procurement, City Council of Nairobi •2000-2003: Debt Collector, City Council of Nairobi



Machakos County Assembly Housing and Car Loan Scheme Fund
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	<ul style="list-style-type: none">•1999: Clerical Officer, City Council of Nairobi 1997-1998: Teacher, Mulli High School.
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**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
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4. Management Team

Name	Details of qualifications and experience
<p>1. Mr. Joseph Laban Mutisya</p> 	<p>Clerk to the County Assembly of Machakos</p> <p>D.O.B: 01/07/1974</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Masters in Business Administration • Bachelor of Science (HRM). • Higher Dip. in Human Resource Mgt • Dip. in Human Resource Mgt, • Dip. in Business Mgt & Admin, • Cert. in Personnel Mgt & Industrial Relations, • Member- IHRM • KCSE B- <p>Work Experience:</p> <ul style="list-style-type: none"> •May, 2013-July, 2018: Director, Human Resource Management, County Assembly of Machakos •May, 2013: Chief Administrative Officer, HRM, City Council of Nairobi •2011-2012: Ag. Principal Administrative Officer, •2010: Administrative Officer, City Council of Nairobi •2003-2010: Internal Auditor, Contracts and Procurement, City Council of Nairobi •2000-2003: Debt Collector, City Council of Nairobi •1999: Clerical Officer, City Council of Nairobi 1997-1998: Teacher, Mulli High School.

<p>2. Mr. Benson Mulinge Mutua</p> 	<p>Principal Finance Officer</p> <p>D.O.B: 12/12/1980</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Business Administration • C.P.S (K); C.P.A(K); • Computerized Accounting • Member ICPAK/ ICPSK • KCSE B+ <p>Work Experience:</p> <ul style="list-style-type: none"> •2014-to date: Senior Accountant, Machakos County Assembly •2007-2013: Internal Auditor, County Council of Machakos
<p>3. Mr. Sylvester Mutisya Nzangi</p> 	<p>Fund Manager</p> <p>D.O.B: 12.02.1983</p> <p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Arts in Economics • Certificate in Quick books • CPA (K) • Certificate on Leadership in County Budgeting • Certificate best practices in the Implementation of Programme based budget • K.C.S.E B+ <p>Work Experience:</p> <ul style="list-style-type: none"> •Jan, 2014 to date; County Assembly of Machakos - Fiscal Analyst •Oct, 2006 to 2013; Kwetu SACCO •July – Aug, 2006 Industrial Attachment at Machakos District Dev. Office •June – Aug, 2002; Attachee, Nairobi Hospital

5. Fund Chairperson's Report

The Machakos County Assembly Housing and Car Loan Scheme Fund regulations, 2014 were established pursuant to the Salaries and Remuneration Commission's (SRC) Circular No. SRC/TS/WB/3/14 of 14th February 2014. For proper management of the Fund and as advised by the Salaries and Remuneration Commission in the Circular under reference, the Machakos County Assembly adopted *Machakos County Assembly Housing Scheme Fund Regulations, 2014* to guide operationalization of the Fund. These regulations were repealed with Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018 on 6th December, 2018. The housing fund began operations back in FY 2014/2015.

The fund is managed externally by the SBM Bank as stated in the memorandum of understanding between the Assembly and the bank and has effectively run the fund with the professionalism required.

During the reporting period there was a change in the fund management team after the third Assembly was sworn in and the performance of the fund was good. The seed capital of the fund changed to Kshs. 366,000,000.00 following the receipts of Kshs. 24M in December, 2022, Kshs. 24M in February, 2023 and Kshs. 110M in July, 2023.

The future outlook of the fund is promising depending on the financing of the fund by the County Treasury so as to be able to advance all members requests on time and adequately.

I would like to thank all the management team and the technical staff who worked overboard to enable the success of the fund and ensure prudence in the use and administration of public funds.

Name: **Hon. Nicholas Kitavi Nzioka**

Signature:  Date: 14/12/2023

Fund Chairperson

6. Report of the Fund Administrator

Pursuant to PFM Act, 2012 Section 116 (1) the County Executive Member for Finance and Revenue Collection established the Machakos County Assembly Housing and Car Loan Scheme Fund to cater for members and officers of the County Assembly through the regulations that were approved by the County Assembly in 2014 and amended in 2018. These regulations set the modalities for the establishment and management of a revolving fund for the two facilities (Car and Housing scheme loans). This was after the Salaries and Remuneration Commission had approved car and mortgage loans for members of the County Assemblies via circular SRC/TS/CGOVT/3/16 of Kenya shillings Two Million (Kshs. 2,000,000.00) and Kenya shillings Three Million (Kshs. 3,000,000.00) respectively. The SRC later issued another circular SRC/TS/CAF/3/61/49 (46) dated 13th December, 2017 that combined both facilities into one product of Kshs. 5,000,000.00.

Section 167 of the Public Finance Management Act, 2012 mandates the Administrator of a Public Fund with preparation of Annual Financial Statements in the format prescribed by the Public Sector Accounting Standards Board (accrual method) and submit the entity's financial statements within three months after the end of each Financial Year (FY) to the Auditor General with copies delivered to the County Treasury, Controller of Budget (CoB) and Commission on Revenue Allocation (CRA). The financial statements for County Assembly Housing and Car Loan Fund for the FY 2022/2023 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya. The fund faces the risk of default by its members. To mitigate this, the Assembly has ensured that the loans are based on the ability of the member to repay through the payslip via check-off system. No loans are given out of the check-off system which the Assembly has control of. The other risk faced by the fund is award of unqualified mortgage/car loan as a result of document falsification. To mitigate this, management has put controls by engaging other professional service providers who do double checks on the documents presented. For instance, when the mortgage documents are being perfected, the advocate has to do a new official search for the property before and after charging.

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The revolving fund balance brought forward from last FY was Kshs. 208 Million. During the FY under review, it grew to Kshs. 366 Million following the receipt of Kshs. 158 Million during the reporting period.

A total of 52 loans were disbursed during the reporting period or between 1st July, 2022 to 11th July, 2023 amounting to Kshs. 275M and 1 member is awaiting disbursement of funds after approval by the committee while 8 members are waiting for their applications to be processed once funds are available. Also, we unfortunately lost one Member in August, 2023 who had benefitted from the loan. The cut-off date for the preparation of these statements for FY 2022/23 is on 11th July, 2023.

Signed: _____



Name: Denis Mutui

Ag. Clerk to the County Assembly

7. Statement of Performance Against the County Fund's Predetermined Objectives

Introduction

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each FY, the Administrator when preparing financial statements for a County public fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board (PSASB) includes information on the financial and non-financial performance of the fund.

The key objectives of the Machakos County Assembly Housing and Car Loan Scheme Fund is to provide Car Loans and Housing loans to Members of the County Assembly. The Assembly has 60 members who are entitled to the loans as approved by SRC. The Honourable Speaker is also entitled to the same.

The loans are structured in a way that the amounts disbursed are fully repaid by the end of the Members' terms.

The progress in attaining the strategic objective is as follows:

Program	Objective	Outcome	Indicator	Performance
Housing Fund	To provide housing loans to Members of the County Assembly	Number of Members who have benefitted from the scheme	% of members who have benefitted from the scheme	51 no. of loans were processed during the reporting period.
Car Loan Fund	To provide Car loans to Members of the County Assembly	Number of Members who have benefitted from the scheme	% of members who have benefitted from the scheme	1 no. of loan was processed as during the period.

8. Corporate Governance Statement

During the reporting period, the Loans Management Committee (LMC) held 20 meetings. The succession plan is envisaged in law as to when one can become a member of the Loan Management Committee. As per the Fund Regulations the composition of the Committee is;

- a) The leader of the majority party of the County Assembly who shall chair the committee
- b) The leader of the minority party of the County Assembly
- c) The majority party Whip of the County Assembly
- d) The minority party Whip of the County Assembly
- e) The chairperson of Budget and Appropriations Committee
- f) The member of the County Assembly Service Board appointed pursuant to section 12 (3) (d) of the County Governments Act
- g) Two members of the County Assembly being one man and one woman appointed by the County Assembly
- h) The Clerk of the County Assembly who shall be the secretary to the committee.

The fund is administered by the Clerk to the County Assembly who is an ex-officio member of the committee.

This means that the management committee is appointed immediately persons assume the above offices. Removal from office is also automatic because one ceases to be a member on vacating the above offices.

The role of the Committee is to:

- a) Oversee administration of the fund
- b) Process applications for loans in accordance with the existing terms and conditions of borrowing
- c) Liaise with a housing company (if any) to set up a revolving fund for disbursement of loans
- d) Supervise the day-to-day running of the fund.

Machakos County Assembly Housing and Car Loan Scheme Fund
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For the Year Ended June 30, 2023

The members of the board were inducted to the committee on being elected. They have participated in the committee activities and have shown ethical conduct in their transaction with the fund.

The audit is conducted by the office of the Auditor General in line with the law. The members earn a remuneration of Kshs. 6,500.00 per sitting.

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

9. Management Discussion and Analysis

The Machakos County Assembly Housing and Car Loan Scheme Fund is established pursuant to Section 116 (1) of the PFM Act, 2012 to cater for Honourable Members and officers of the County Assembly and was operationalized through regulations that were approved by the County Assembly in 2014 and amended in 2018.

The Fund for the MCAs is managed externally by the SBM Bank as stated in the memorandum of understanding between the Assembly and the bank and has effectively run the fund with the professionalism required.

The loans awarded to the Members are structured to have them fully repaid within their five years term and are in line with the Salaries and Remuneration Commission (SRC) circulars issued from time to time and as tabulated below:

No.	Designation	Mortgage Limit Kshs.	Car Loan Limit Kshs.	Total Kshs.
1.	Hon. Speaker	20,000,000.00	4,000,000.00	24,000,000.00
2.	Hon. MCAs	3,000,000.00	2,000,000.00	5,000,000.00

The SRC issued a circular SRC/TS/CAF/3/61/49 (46) dated 13th December, 2017 that combined both facilities for MCAs into one product of Kshs. 5,000,000.00 which can either be applied for mortgage or car loan.

The LMC oversees the affairs of the Fund. During the reporting period there was a change in the fund management team after the third Assembly was sworn in and the performance of the fund was good. The seed capital of the fund also changed to Kshs. 366,000,000.00.

The fund faces the risk of default by the Members. To mitigate this, the Assembly has ensured that the loans are based on the ability of the member to repay through the payslip via check-off system. No loans are given out of the check-off system which the Assembly has control of. The other risk faced by the fund is award of unqualified mortgage/car loan as a result of document

Machakos County Assembly Housing and Car Loan Scheme Fund
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For the Year Ended June 30, 2023

falsification. To mitigate this, management has put controls by engaging other professional service providers who do double checks on the documents presented.

During the year the Fund processed 51 mortgage applications and 1 car loan. As at the end of the FY 2022/2023, there were 52 loan disbursements to members from the scheme; a total of Kshs. 275 Million. The cut-off date for the preparation of these financial statements for FY 2022/23 is on 11th July, 2023 due to the fact that some funds were released by the County Treasury immediately after the end of the FY.

10. Environmental and Sustainability Reporting

During the Period under review, the Fund as a separate entity did not engage in any Corporate Social Responsibility (CSR) activity. The CSR activity was carried out by the Assembly in provision of water to the public.

Sustainability strategy and profile

The Assembly engages its major stakeholders before undertaking any major project or decision. This was done during the year under review through public participation forums.

Also, the Assembly prioritises programs as agreed upon by it and other key stakeholders. This has led to a harmonious collaboration hence the setting up of sustainable targets and goals.

Environmental performance

Under, environmental performance, the Assembly has tried to reduce the environmental impact on its activities i.e. by ensuring proper disposal of waste. Further, it has promoted the efficient use of resources such as water.

Employee welfare

On employee welfare, the Assembly has continued to train its staff in a bid to increase their efficiencies, capacity, and motivation/morale and job satisfaction. The Assembly has a performance and reward system that gives recognition/rewards to employees whose work advances the broad role of the assembly.

On compliance with organizational safety and compliance with Occupational Safety and Health Act, 2007, the Assembly has put in place measures to ensure safe and healthful working conditions for its employees. This has been made possible by setting and enforcing standards and providing training where necessary.

Market place practices

The Assembly engages its suppliers only through a competitive process, and this has been achieved by ensuring all tenders are invited through public platforms to promote competitiveness i.e. open advertisements; by so doing every interested bidder is given a fair chance to participate in the process.

In addition, the Assembly tries to maintain a good business relationship with its suppliers/service providers/contractors by ensuring timely payment of their bills.

Corporate Social Responsibility/Community Engagements

The Assembly during the period under review consulted with the public by informing them and requesting their inputs on several matters that the assembly was engaged in. The inputs from them in most cases were accepted and reflected in the final decisions that were made. The Fund on the other hand was not involved in any corporate social responsibility on its own but as part of the County Assembly at large.

**Machakos County Assembly Housing and Car Loan Scheme Fund
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For the Year Ended June 30, 2023**

11. Report of Trustees

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

Principal activities

The principal activity of the Fund is to disburse loans to members of the County Assembly.

Results

The results of the Fund for the Period ended June 30, 2023 are set out on page 1

Loans Management Committee

The members of the Loans Management Committee (LMC) who served during the period under review are shown on page iii. There were no changes in membership of the committee during the reporting period.

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



.....
Chairman of the Loans Management Committee

Date: 14/12/2023

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each FY, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

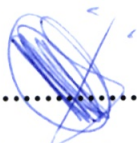
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the FY ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Machakos County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 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, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

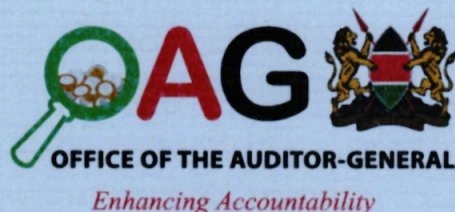
The Fund’s financial statements were approved by the Board on 14th December, 2023 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS COUNTY ASSEMBLY HOUSING AND CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Machakos County Assembly Housing and Car Loan Scheme Fund set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

Report of the Auditor-General on Machakos County Assembly Housing and Car Loan Scheme Fund for the year ended 30 June, 2023

performance, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of article 229 of the constitution of Kenya and section 35 of the public audit act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Machakos County Assembly Car Loan and Housing Scheme Fund at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and County Assembly Service (Car Loan and Mortgage Scheme Fund) Regulations, 2018.

Basis for Qualified Opinion

Inaccuracies of Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 12 to the financial statements reflects cash and cash equivalents of Kshs.334,675,990. However, analysis of bank statements and bank certificates provided for audit review in support of the balance revealed a bank balances of Kshs.224,675,457 resulting to unexplained and unreconciled variance of Kshs.110,000,533. Further, an amount of Kshs.46,938,060 was held by the Kenya Deposit Insurance Company (KDIC) representing 25% of the value of moratorium deposits of the County Assembly held at Chase Bank which has been under receivership since April 2016 casting doubt on the recoverability of the balance.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.334,675,990 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Machakos County Assembly Housing and Car Loan Scheme Fund Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Inter-Entity Transfer of Funds

The statement of financial position and as disclosed in Note 12 to the financial statements reflects cash and cash equivalents of Kshs.334,675,990. Included in this balance is an amount of Kshs.10,574,327 held in KCB as at 30 June, 2023. However, review of the bank statements provided for audit review revealed that the Assembly made multiple borrowings from the account within the year for its general operations. Although the borrowings were repaid back in full, this was in contravention of the County Assembly Service (Housing and Car Loan Scheme Fund Fund) Regulations, 2018.

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

2. Irregular Advancement of Loan

Review of the report of the fund administrator and as supported by the general ledgers provided for audit revealed that the Fund advanced Kshs.275,000,000 for mortgage and car loan to County Assembly members during the year under review. However, title deeds for some of the properties provided as collateral were owned by persons other than the loanees. Further, the relevant security documents (title deeds and logbooks) had not been charged by the Assembly as required by the Fund Regulations.

In the circumstances, the regularity of loans advanced during the year of Kshs.275,000,000 could not be established and the Management was in breach of the law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Weakness in Internal Controls on Fund Security

The Fund administrator report indicates disbursements of Kshs.275,000,000 during the year under review. However, scrutiny of Members of County Assembly (MCAs) files for car loan and mortgage revealed that loans were advanced for purchase of land to members. However, there was no proof of stamp duty payment on transfer of title documents and lack of certificates of practical completion on construction projects as an assurance that funds advanced to the County Assembly members were used for the intended purposes.

In the circumstances, the internal controls over issuance and management loans are weak.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 the Management and those Charged with Governance

The 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 controls as the 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, the Management is responsible for assessing the , Fund's, ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with fund policies and procedures may deteriorate.


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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 February, 2024


**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

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

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0.00	0.00
Transfers From the County Government	2	0.00	0.00
Fines, Penalties and Other Levies	3	0.00	0.00
		0.00	0.00
Revenue From Exchange Transactions			
Interest Income	4	5,890,256	982,323
Other Income	5	0.00	889
		5,890,256	983,212
Total Revenue		5,890,256	983,212
Expenses			
Employee Costs	6	0.00	0.00
Use of Goods and Services	7	3,954,770	996,363
Depreciation and Amortization Expense	8	0.00	0.00
Finance Costs	9	0.00	0.00
Total Expenses		3,954,770	996,363
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0.00	0.00
Gain /Loss on Fair Value of Investments	11	0.00	0.00
Surplus/(Deficit) For The Period		1,935,486	(13,151)

(The notes set out on pages 20 to 34 form an integral part of these Financial Statements)

.....
Name: Denis Mutui
Ag. Clerk to the County Assembly


.....
Name: Benson Mutua
Principal Finance Officer
ICPAK Member Number: 5498

Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023

15. Statement of Financial Position as At 30 June, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	334,675,990	174,740,504
Current Portion of Long- Term Receivables From Exchange Transactions	13	37,700,000	37,700,000
Prepayments	14	0.00	0.00
Inventories	15	0.00	0.00
Investments in Financial Assets	16	0.00	0.00
Total Current Assets		372,375,990	212,440,504
Non-Current Assets			
Property, Plant and Equipment	17	0.00	0.00
Intangible Assets	18	0.00	0.00
Long Term Receivables from Exchange Transactions	13	0.00	0.00
Investment Property	19		
Total Non- Current Assets		0.00	0.00
Total Assets		372,375,990	212,440,504
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	0.00	0.00
Current Portion of Borrowings	21	0.00	0.00
Employee Benefit Obligations	22	0.00	0.00
Social Benefit Liabilities	23	0.00	0.00
Total Current Liabilities		0.00	0.00
Non-Current Liabilities			
Non-Current Employee Benefit Obligations	21	0.00	0.00
Long Term Portion of Borrowings	22	0.00	0.00
Long Term Portion of Social Benefit Liabilities	23	0.00	0.00
Total Non-Current Liabilities		0.00	0.00
Total Liabilities		0.00	0.00
Net Assets		372,375,990	212,440,504
Revolving Fund		366,000,000	208,000,000

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

Reserves		4,440,504	1,841,335
Accumulated Surplus		-	2,612,320
Surplus for the year		1,935,486	(13,151)
Total Net Assets and Liabilities		372,375,990	212,440,504

The revolving fund constitutes of the initial seed capital of Car Loan scheme Fund Kshs. 120,000,000.00, Housing scheme Fund Kshs. 210,000,000.00 less the car Loans that were converted into car grant amounting to Kshs. 122,000,000.00 in FY 2020/21. Additionally, Kshs. 158M was received during the period under review. This leaves a net amount of Kshs. 366,000,000.00. Reserves refer to the retained earnings/surpluses for the fund.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 14th December, 2023 and signed by:

.....
Name: Denis Mutui
Ag. Clerk to the County Assembly

.....
Name: Benson Mutua
Principal Finance Officer
ICPAK Member Number: 5498

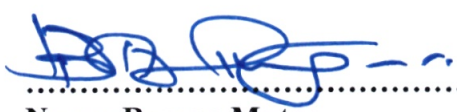
**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

16. Statement of Changes in Net Assets for the Year Ended 30th June, 2023

	Revolving Fund	Revaluati on Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	208,000,000	-	4,453,655	212,453,655
Surplus/(Deficit) For the Period	-	-	(13,151)	(13,151)
Funds Received During the Year	-	-	-	-
Transfer to Car Grant	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	208,000,000	-	4,440,504	212,440,504
Balance As At 1 July 2022	208,000,000	-	4,440,504	212,440,504
Surplus/(Deficit) For the Period		-	1,935,486	1,935,486
Funds Received During the Period	158,000,000	-	-	158,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June, 2023	366,000,000	-	6,375,990	372,375,990

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 14th December, 2023 and signed by:


.....
Name: Denis Mutui
Ag. Clerk to the County Assembly


.....
Name: Benson Mutua
Principal Finance Officer
ICPAK Member Number: 5498

Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		158,000,000	0
Interest received		5,890,256	889
Receipts from other operating activities		0	982,323
Total receipts		163,890,256	983,212
Payments			
Fund administration expenses		0	982,323
General expenses		3,954,770	14,040
Finance cost		0	0
Other payments		0	0
		3,954,776	996,363
Net cash flows from operating activities		159,935,486	(13,151)
Adjusted for:			
Decrease/ (Increase) in Accounts Receivable		0	(4,200,000)
Net cash flows from operating activities		159,935,486	(4,213,151)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		159,935,486	(4,213,151)

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

Cash and cash equivalents at 1 July		174,740,504	178,953,655
Cash and cash equivalents at 30 June	12	334,675,990	174,740,504

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 14th December, 2023 and signed by:



.....
Name: Denis Mutui
Ag. Clerk to the County Assembly



.....
Name: Benson Mutua
Principal Finance Officer
ICPAK Member Number: 5498

Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 14th December, 2023 and signed by:



.....
Name: Denis Mutui
Ag. Clerk to the County Assembly



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Name: Benson Mutua
Principal Finance Officer
ICPAK Member Number: 5498

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

19. Notes to the Financial Statements

1. General Information

Machakos County Assembly Housing and Car Loan Scheme Fund is established by and derives its authority and accountability from Machakos County Assembly Service (Mortgage and Car Loan Scheme Fund) Regulations 2018. The entity is wholly owned by the Machakos County Government and is domiciled in Kenya. The entity's principal activity is to disburse car and mortgage funds to state officers (MCAs) and ensure accountability and proper use of public funds.

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. The cut-off date for the preparation of these financial statements for FY 2022/23 is on 11th July, 2023.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>N/A</i>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting 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. <i>N/A</i>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS</p>

**Machakos County Assembly Housing and Car Loan Scheme Fund
Annual Report and Financial Statements
For the Year Ended June 30, 2023**

Standard	Effective date and impact
	which were inadvertently omitted when IPSAS 41 was issued. <i>N/A</i>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <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>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 recognise, measure and present information on right of use assets and lease liabilities. <i>N/A</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be</p>

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Standard	Effective date and impact:
	<p>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> <p><i>N/A</i></p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2022-2023

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4. Summary of 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 31st May, 2022. The First and Second Supplementary Budgets were approved by the County Assembly on 6th January, 2023 and 23rd May, 2023 respectively. Revisions or additional appropriations were made to the approved budget during the period under review.

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.

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Summary of Significant Accounting Policies (Continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 16, page 7 of these financial statements.

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) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

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Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Fund's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) 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.

h) 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) 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.

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Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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.

q) Cash and cash equivalents

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

r) Comparative figures

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

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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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

**Machakos County Assembly Housing and Car Loan Scheme Fund
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6. Notes to the Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	158,000,000	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development Grants	-	-
Total	158,000,000	-

3. Fines, penalties and other levies

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

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	3,605,196	982,323
Interest Income From Car Loans	39,590	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	2,245,470	889
Total Interest Income	5,890,256	983,212

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Notes to the Financial Statements (Continued)

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

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

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	3,644,786	982,323
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Description	2022-2023	2021-2022
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	11,671	14,040
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Withholding Tax	298,313	-
Social benefit expenses*	-	-
Total	3,954,770	996,363

8. Depreciation and Amortization Expense

Description	2022-23	2021-22
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

9. Finance costs

Description	2022-23	2021-22
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022-23	2021-22
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Notes to the Financial Statements (Continued)

11. Gain/ (loss) on Fair Value Investments

Description	2022-23	2021-22
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

12. Cash and cash equivalents

Description	2022-23	2021-22
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	533	533
Current Account- KCB Bank	10,574,328	12,580,527
Current Account- SBM Bank	277,163,069	115,221,384
Current Account- Chase Bank KDIC	46,938,060	46,938,060
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	334,675,990	174,740,504

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Notes to the Financial Statements (Continued)

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
SBM Bank-Housing	0341091022005	533	533
Equity Bank - Etc.		-	-
Sub- Total		533	533
c) Current Account			
KCB Bank Kenya Ltd	1180847636	10,574,328	12,580,527
SBM Bank-Housing	0342204543005	277,163,489	115,221,384
KDIC on behalf of Chase Bank	0343091022003	46,938,060	46,938,060
Sub- Total		334,675,457	174,739,971
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		334,675,990	174,740,504

NOTE:

The funds under the custody of KDIC totalling to Kshs. 46,938,060.00 will only be released to the Assembly's account once the assets totalling to 25% that belonged to Chase Bank (under receivership) are realised. The liquidation process is currently on-going.

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Transfer from County Assembly Operations Account	-	-
Transfer from Operation Accounts	-	-
Other Exchange Debtors	37,700,000	37,700,000
Less: Impairment Allowance	(-)	-
Total Current Receivables	37,700,000	37,700,000
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	37,700,000	37,700,000

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable	-	
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year		-
Current loan repayments due	-	
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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Notes to the Financial Statements (Continued)

14. Prepayments

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

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

d) Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	2022-2023 Kshs	2021-2022 Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June, 2023	-	-	-	-	-
Net Book Values					
At 30th June, 2022	-	-	-	-	-
At 30th June, 2023	-	-	-	-	-

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Notes to the Financial Statements (Continued)

18. Intangible Assets

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

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year (1.07.2022)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due To Discount And Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year (30.06.2023)	-	-	-	-

**Machakos County Assembly Housing and Car Loan Scheme Fund
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Notes to the Financial Statements (Continued)

22. Borrowings

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

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

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

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

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

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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Notes to the Financial Statements (Continued)

25. Cash generated from operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Period Before Tax	1,935,486	(13,151)
Adjusted For:		
Deposits /transfers to fund account	158,000,000	0.00
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(4,200,000)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	159,935,486	(4,213,151)

Note:

The interest income of Kshs. 5,890,256 for the current financial year and Kshs. 983,212 for the previous financial year was not included since it was already considered when arriving at the surplus for the year.

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Notes to the Financial Statements (Continued)

26. 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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	35,000,000	14,200,000
Total	35,000,000	14,200,000

c) Key management remuneration

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

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry - County Assembly	37,700,000	37,700,000
Due From County Government	-	-
Total	37,700,000	37,700,000

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Notes to the Financial Statements (Continued)

e) Due to related parties

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

27. Contingent assets and contingent liabilities

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

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Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impai red Kshs
At 30th June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	37,700,000	37,700,000	-	-
Bank Balances	334,675,990	334,675,990	-	-
Total	372,375,990	372,375,990	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	37,700,000	37,700,000	-	-
Bank Balances	174,740,504	174,740,504	-	-
Total	212,440,504	212,440,504	-	-

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

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adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from the amounts held by KDIC.

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its

holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three

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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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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Notes to the Financial Statements (Continued)

d) Capital risk management

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

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	366,000,000	208,000,000
Accumulated surplus	4,440,504	4,453,655
Surplus for the year	1,935,486	(13,151)
Total funds	372,375,990	212,440,504
Total borrowings	-	-
Less: cash and bank balances	334,675,990	174,740,504
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0	0

Note:

Gearing was nil because the fund had no external borrowing during the financial year.

29. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period. The only notable post-reporting event is the demise of one Honourable Member in August, 2023 who had already benefitted from the loan.

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Machakos County Assembly Service (Mortgage and Car Loan Scheme Fund) Regulations, 2018 under the County Assembly of Machakos. Its ultimate parent is the County Government of Machakos.

31. Currency

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

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**ANNEX I: PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Inter -Account Transfers	The Ksh. 37,700,000 is not a donation to another County Government but a transfer that is refundable on receipt of exchequer allocations. This occurred as a result of delayed disbursements from the Treasury.	Not Resolved	June 30, 2024

The Ag. Administrator of the Fund

Signature:

Date: 14th December, 2023

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ANNEX II: INTER-FUND CONFIRMATION LETTER

**REPUBLIC OF KENYA
COUNTY GOVERNMENT OF MACHAKOS
COUNTY ASSEMBLY OF MACHAKOS**



County Hall

Along Mwatu wa Ngoma Rd
P.O BOX 1168-90100
MACHAKOS



Email: assemblymks@gmail.com

OFFICE OF THE CLERK

The Machakos County Assembly Housing and Car Loan Scheme Fund wishes to confirm the amounts disbursed to you as at 30th June, 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Machakos County Assembly Housing and Car Loan Scheme Fund as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by Machakos County Assembly Housing and Car Loan Scheme Fund as at 30 th June 2023				Amount Received by Machakos County Assembly Housing and Car Loan Scheme Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E) (Mn)
		Recurrent (A) (Mn)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	Balance b/f	117	0	0	117,000,000.00	208,000,000.00	(91.00)
	22-Dec-22	24	0	0	24,000,000.00	24,000,000.00	0.00
	17-Feb-23	24	0	0	24,000,000.00	24,000,000.00	0.00
	4-Jul-23	40	0	0	40,000,000.00	40,000,000.00	0.00
	11-Jul-23	70	0	0	70,000,000.00	70,000,000.00	0.00
Total		275	0	0	275,000,000.00	366,000,000.00	(91.00)

In confirm that the amounts shown above are correct as of the date indicated.

The Ag. Administrator of the Fund:

Name: DENIS MUTUI

Sign: **Date:** 14th December, 2023

**Machakos County Assembly Housing and Car Loan Scheme Fund
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ANNEX III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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ANNEX IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments

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ANNEX V: LOAN BALANCES AS AT 30TH JUNE, 2023

NO.	HON. MEMBERS' NAMES	Type of Loan	Amount Loaned	Interest Earned	Loan Balance
1	Hon. Aliphonce Mutinda Nzioka	Mortgage	5,000,000.00	62,460.15	4,737,274.45
2	Hon. Anna Nthenya Ndilo	Mortgage	5,000,000.00	41,241.75	4,727,324.05
3	Hon. Annastacia Nundu Mutevu	Mortgage	5,000,000.00	41,654.70	4,727,711.20
4	Hon. Anne Mwikali Kiusya	Mortgage	20,000,000.00	114,145.45	19,261,441.75
5	Hon. Benjamin Kinyungu Kyule	Mortgage	5,000,000.00	40,002.95	4,726,162.30
6	Hon. Boniface Kyalo Katiti	Mortgage	5,000,000.00	79,309.75	4,462,401.75
7	Hon. Boniface Musyimi Maeke	Mortgage	5,000,000.00	47,023.20	4,732,745.45
8	Hon. Catherine Kyee Wambua	Mortgage	5,000,000.00	80,557.05	4,463,497.60
9	Hon. Catherine Mutio Muia	Mortgage	5,000,000.00	79,309.75	4,462,401.75
10	Hon. Constance Mbula Nzioki	Mortgage	5,000,000.00	81,804.40	4,464,593.40
11	Hon. Daniel Musyoka Muindi	Mortgage	5,000,000.00	36,776.00	4,823,250.80
12	Hon. Daniel Mutisya Kivuva	Mortgage	5,000,000.00	36,776.00	4,823,250.80
13	Hon. Dickson Kavaa Musyoki Maundu	Mortgage	5,000,000.00	47,436.15	4,733,132.60
14	Hon. Dominic Mulwa Ndambuki	Mortgage	5,000,000.00	82,220.10	4,464,958.75
15	Hon. Dominic Ndonye Maitha	Mortgage	5,000,000.00	82,220.10	4,464,958.75
16	Hon. Douglas Muema Musyoka	Mortgage	5,000,000.00	80,141.30	4,463,132.25
17	Hon. Eric Wambua Musembi	Car	5,000,000.00	39,590.00	4,725,775.00
18	Hon. Everlyne Ndunge Nguli Nzeki	Mortgage	5,000,000.00	81,804.40	4,464,593.40
19	Hon. Felix Mutunga Ngui	Mortgage	5,000,000.00	81,804.40	4,464,593.40
20	Hon. Francis Kyalo Kitaka	Mortgage	5,000,000.00	79,309.75	4,462,401.75
21	Hon. Francis Mwaniki Ngunga	Mortgage	5,000,000.00	82,220.10	4,464,958.75
22	Hon. Francis Wambua Kavyu	Mortgage	5,000,000.00	47,436.15	4,733,132.60
23	Hon. Gideon Saul Kavuu	Mortgage	5,000,000.00	79,309.75	4,462,401.75
24	Hon. Hellen Mueni Ndeti	Mortgage	5,000,000.00	82,220.10	4,464,958.75
25	Hon. Irene Mbithe Mulu	Mortgage	5,000,000.00	40,002.95	4,726,162.30
26	Hon. Jackson Ndaka Wambua	Mortgage	5,000,000.00	71,406.95	4,556,964.25
27	Hon. Jeremiah Kaloi Saitieu	Mortgage	5,000,000.00	79,309.75	4,462,401.75
28	Hon. Johana Munyao	Mortgage	5,000,000.00	81,804.40	4,464,593.40
29	Hon. John Brian Kioko Kisila	Mortgage	5,000,000.00	81,804.40	4,464,593.40
30	Hon. Joseph Musyoki Mulinge	Mortgage	5,000,000.00	37,188.00	4,823,645.30
31	Hon. Joshua Kiilu Mwonga	Mortgage	5,000,000.00	81,804.40	4,464,593.40
32	Hon. Judas Mbili Ndawa	Mortgage	5,000,000.00	82,220.10	4,464,958.75
33	Hon. Julius Mutuku Munywoki	Mortgage	5,000,000.00	39,590.00	4,725,775.00
34	Hon. Margaret Mutheu Ndalana	Mortgage	5,000,000.00	71,406.95	4,556,964.25
35	Hon. Mathew Ndunda Wilson	Mortgage	5,000,000.00	47,849.15	4,733,519.95

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36	Hon. Mathias Muasya Herskovitis	Mortgage	5,000,000.00	38,835.95	4,825,223.45
37	Hon. Mercy Murugi Njagi	Mortgage	5,000,000.00	38,835.95	4,825,223.45
38	Hon. Nicholas Kitavi Nzioka	Mortgage	5,000,000.00	71,406.95	4,556,964.25
39	Hon. Paul Muoki Musila	Mortgage	5,000,000.00	38,835.95	4,825,223.45
40	Hon. Paul Mutua Wambua	Mortgage	5,000,000.00	71,406.95	4,556,964.25
41	Hon. Paul Mwanzia Muli	Mortgage	5,000,000.00	38,835.95	4,825,223.45
42	Hon. Penninah Kanini Kisangai	Mortgage	5,000,000.00	81,804.35	4,464,593.40
43	Hon. Peter Kilonzo Kaviti	Mortgage	5,000,000.00	41,654.70	4,727,711.20
44	Hon. Philip Leonard Mutua Ndolo	Mortgage	5,000,000.00	47,849.15	4,733,519.95
45	Hon. Phoebe Koki Mawa	Mortgage	5,000,000.00	81,804.35	4,464,593.40
46	Hon. Raphael Nzau Lucky	Mortgage	5,000,000.00	81,804.40	4,464,593.40
47	Hon. Rose Wavinya Benjamin	Mortgage	5,000,000.00	40,002.95	4,726,162.30
48	Hon. Rosina Kanini Wambua	Mortgage	5,000,000.00	79,309.75	4,462,401.75
49	Hon. Ruth Wanjiru Kamau	Mortgage	5,000,000.00	40,002.95	4,726,162.30
50	Hon. Stephen Nzue Mwanthi	Mortgage	5,000,000.00	47,436.15	4,733,132.60
51	Hon. Vincent Mutie Nzioka	Mortgage	5,000,000.00	82,220.10	4,464,958.75
52	Hon. Winfred Syonindi Mutua	Mortgage	5,000,000.00	42,067.70	4,728,098.55
53	Mr. Benson Mulinge Mutua	Mortgage	-	218,695.15	7,093,949.90
54	Mr. Sylvester Mutisya Nzangi	Mortgage	-	140,816.70	4,514,259.90
	Total		275,000,000.00	3,644,786.60	265,944,184.50

Note: Hon. Gideon Saul Kavuu (No. 23) passed on in August, 2023 and the Fund's administering bank is following up with the insurance firm for compensation.

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ANNEX VI: RELATED PARTY TRANSACTIONS

Related Parties – Loans to the LMC Members		
No.	Name	Amount (Kshs.)
1.	Hon. Catherine Muia	5,000,000.00
2.	Hon. Dominic Ndambuki	5,000,000.00
3.	Hon. Everlyne Mutie	5,000,000.00
4.	Hon. Johana Munyao	5,000,000.00
5.	Hon. Judas Ndawa	5,000,000.00
6.	Hon. Nicholas Nzioka	5,000,000.00
7.	Hon. Raphael Nzau	5,000,000.00
Total		35,000,000.00

