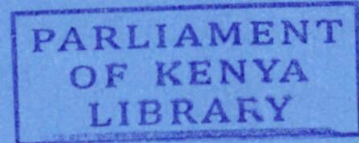


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**NANDI COUNTY EXECUTIVE CAR LOAN
AND MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY COMMITTEE	Dep Majority Whip
CLERK AT THE TABLE	Muallim



NANDI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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



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1. Key Entity Information and Management

a) Background information

The Nandi County Executive Car loan and Mortgage scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 requires the Administrator of any public funds to prepare annual financial statements.

For proper management of the fund and as per SRC guidelines, Nandi County Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Public Service Board appointed a banking institution to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. In that respect, Nandi County Assembly approved and adopted the Staff Loans Policy Paper on 17th March 2015. The fund is wholly owned by the County Government of Nandi and is domiciled in Kenya.

b) Principal Activities

The principal activity of the fund is to provide car loans and mortgage to eligible staff of the County Government of Nandi.

Vision

A transformed and motivated staff for quality living.

Mission

To provide affordable, accessible and sustainable car loans and mortgage to staff.

Core Values

Accountability,

Transparency,

Excellence,

Accessibility,

Integrity,

Responsiveness,

Equity

Team Work.

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Report and Financial Statements
For the Year Ended 30th June 2024*

c) Fund Administration Committee

Ref	Position	Name	
1	Prisca Jepchirchir	Chairperson – Fund Committee	Chief Officer-Finance
2	Hellen Kemboi	Fund Administrator/Secretary	Director -Finance
3	Amos Magut	Member	County Attorney
4	Jonah Tireito	Member	Chief Officer-Lands
5.	David Koech	Member	Chief Officer-Roads
6.	Goretty J. Rotich	Member	Director Human Resources

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Hellen Kemboi
2	Fund Accountant	Mathew Rop

e) Fiduciary Oversight Arrangements

The key management personnel who were in office during the financial year ended June 30,2024 and who had direct fiduciary responsibility were:

No.	Name	Designation
1.	Hillary Serem	CECM-Finance and Economic Planning
2.	CPA Edwin Maiyo	Head of Internal Audit
3.	Amos Magut	County Attorney

f) Registered Offices

Nandi County Government
P.O. Box 802 – 30300
Kapsabet, Kenya
Nandi County Headquarters Building
1st Floor, Left Wing

g) Fund Contacts

Telephone: (254) 053 525 2355

E-mail: infor@nandi.go.ke

Website: www.nandi.go.ke

h) Fund Bankers

Cooperative Bank of Kenya

Kapsabet Branch

P.O. Box 869 - 30300

Kapsabet, Kenya.

i) Independent Auditors

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

2. The Board of Trustees (or any other governing body for the Fund)

During the Reporting Period the Administration Committee consisted of members whose profiles are captured as follows:

	<p>MS PRISCA JEPCHIRCHIR-FUND CHAIRPERSON</p> <p>Ms Prisca Jepchirchir was appointed as the third Fund Chairperson as per Nandi County Executive Car Loan & Mortgage Scheme Fund Regulations ,2023.She has served in various management positions in Nandi County Government. She has served as the Head of Budget and Director of Economic Planning .She holds a Degree in Bachelors of Business Management and also a Certified Public Accountant of Kenya (CPAK).</p>
	<p>Ms HellenKemboi</p> <p>Ms.HellenKemboi was appointed as the Fund Administrator on 5th April 2018.She has served in various management positions in Nandi County Government. She has served as Head of revenue and currently the Ag. Director of Finance. Ms.Kemboi holds a Master’s Degree in Finance and Bachelor of Commerce (Accounting) degree. She is also a Certified Public Accountant of Kenya (CPAK).</p>

3. Management Team

	<p>MS PRISCA JEPCHIRCHIR-FUND CHAIRPERSON</p> <p>Ms Prisca Jepchirchir was appointed as the third Fund Chairperson as per Nandi County Executive Car Loan & Mortgage Scheme Fund Regulations ,2023.She has served in various management positions in Nandi County Government. She has served as the Head of Budget and Director of Economic Planning .She holds a Degree in Bachelors of Business Management and also a Certified Public Accountant of Kenya (CPAK).</p>
	<p>Ms Hellen Kemboi</p> <p>Ms.Hellen Kemboi was appointed as the Fund Administrator on 5th April 2018.She has served in various management positions in Nandi County Government. She has served as Head of revenue and currently the Ag. Director of Finance. Ms.Kemboi holds a Master’s Degree in Finance and Bachelor of Commerce (Accounting) degree. She is also a Certified Public Accountant of Kenya (CPAK).</p>
	<p>CPA Mathew Kipleting</p> <p>Mathew was appointed as a Fund Accountant on 5th April 2018.He has served as an Internal Auditor and currently serving in Financial Reporting Unit as an Accountant. Mathew holds a Master’s Degree in Finance and Bachelor of Commerce (Finance) degree. He is also a Certified Public Accountant of Kenya (CPAK).</p>

4. Board/Fund Chairperson's Report

On behalf of the Fund Administration Committee, it is my pleasure to present the Nandi County car loan and Mortgage Fund financial statements for the year ended 30th June 2024. The financial statements reflect the financial performance of the Fund over the past one year.

Sustainability

In order to ensure sustainability, the Fund has been conducted as basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options to ensure the Fund is a going concern.

Review of performance

Income and statement of performance.

The fund earned revenues amounting to Kshs. **9,372,530** as interest from other exchange transactions and other interest income. The income from interest was KShs **5,713,108** and Kshs. **3,659,422** as other income.

Loan granted during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable interest rate provided by SRC.

Expenditures

The total expenditures during the period amounted to Kshs. **1,951,730** out of which the fund administrative expenses, amounted to Kshs. **1,951,250** and Kshs **480** as interest.

Future outlook

The Fund focuses on building a robust and sustainable fund with a motivated workforce and operational structures that enhance efficiency and effectiveness of service delivery. The fund looks forward to continued support from the County Government and development partners in the execution of its mandate.

Appreciation

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Report and Financial Statements
For the Year Ended 30th June 2024*

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Nandi, development partners, stakeholders, management, staff and fellow committee members for support and teamwork which made us achieve these results.

I look forward to a better year 2024/2025.



.....
Prisca Jepchirchir

Chairperson, Fund Administration Committee

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Report and Financial Statements
For the Year Ended 30th June 2024*

5. Report of The Fund Administrator

It is my pleasure to present the Nandi County Executive Car Loan and Mortgage Fund financial statements for the year ended 30th June 2024. The financial statements reflect the financial performance of the fund over the past year.

The fund was established on 1st May 2018 with an initial amount of **Kshs. 61,000,000** and a further injection **Kshs.40,000,000, Kshs.5,000,000, Kshs. 50,000,000 and Ksh. 67,000,000** for the year 2019, 2020,2023 and 2024 respectively. So far, a total of 55 beneficiaries have made borrowings.

Financial Performance

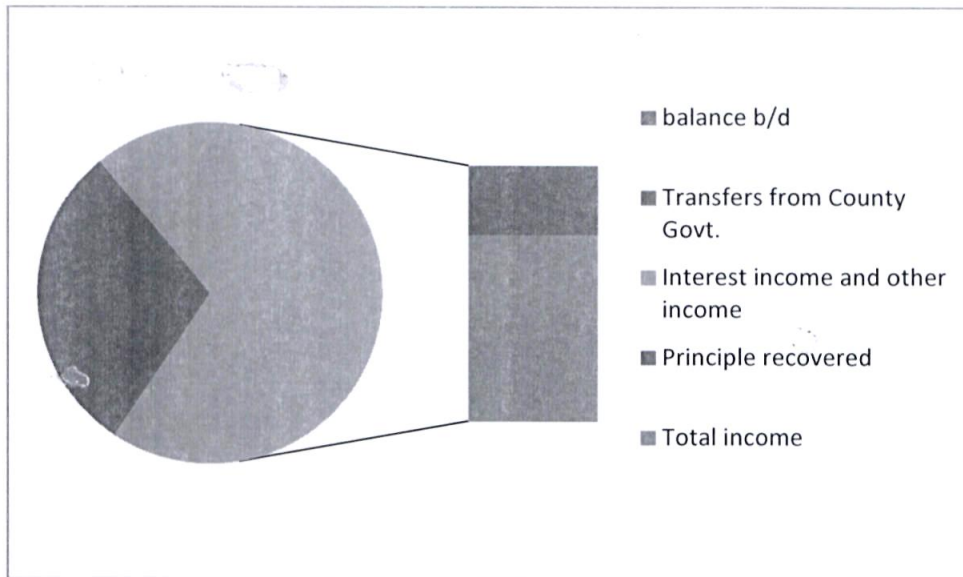
a) Revenue

During the reporting period, the fund had projected revenues of KShs **151,353,700**

Out of the projected revenue, the fund realised KShs **130,965,392** in actual revenues, representing **87%** performance. In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
balance b/d	26,086,186	26,086,186	100
Transfers from County Govt.	67,000,000	67,000,000	-
Interest income and other income	9,372,530	5,599,537	60
Principle recovered	48,894,984	32,279,669	66
Total income	151,353,700	130,965,392	87

A graphical representation of the revenue budget is as shown below:



b) Loans

During the financial year 2023/2024, the fund disbursed loans to ten more beneficiaries bringing the total number of beneficiaries to 55 members. This represented 86% utilization of the budgeted funds during the year.

c) Cash flows

In the FY 2023/2024, we did not have many liquidity disruptions. This was as a result of proper planning and better loan collections. The cash and cash equivalents was Kshs.1,079,443 comprising of both recoveries and interest.

Conclusion

In FY 2023/2024 good progress was made and the momentum has been created to enable Nandi County Executive committee car loan and scheme fund continue on a growth trajectory. We have identified funding gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the Fund Administration Committee for their support. I also thank Fund staff for their dedication and teamwork that saw Nandi County Executive Car Loan and Mortgage Fund achieve its objectives for the year under review.


Ms.Hellen Kemboi
Fund Administrator

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for the year ended 30th June 2024 plan are to:

- a) purchase the car and
- b) purchase, development or renovation of residential property for occupation by the applicant

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Mobility to the work place	To provide modes of transport to and from working places	Increased efficient transportation of staff	Timely arrival to the working place	In FY 23/24 we increased staff output through reduce of lateness
Conducive residential home	To provide good shelter for all staff	Increased productivity due settled mind	High thinking capacity	In FY 23/24 we increased service delivery to the residence of Nandi

7. Corporate Governance Statement

During the period the chairperson convened two meetings, the meeting was attended by all the members, the main agenda for the above meetings was to discuss the disbursement of the mortgages to its members based on the fund available.

In the circumstances that loanee fails to honour their obligation of repaying the loan their respective securities would be surcharge, otherwise their gratuity would be used to fully repay the loans.

To avert any form of conflict of interest the board members was guided by strict adherence to the regulation coupled by the core values of the fund.

8. Management Discussion and Analysis

During the financial year 2023-2024 the fund had a smooth-running operation which was occasioned by an interrupted cash flows, the deduction from its members was timely and it went as planned.

A full adoption of the public finance management act ie (Nandi county executive committee car loan and mortgage scheme fund) regulation 2018 was adhered to.

All the loanees followed a rightful procedure in applying the loan, the management ensured that the loan applied served the intended purpose that is:

- The purchase of car
- The purchase, development or renovation of residential property for occupation by the applicant

In the circumstances where the loanees fail to remit monthly deduction an official communication was made within the stipulated time and the same monies recovered.

Despite the smooth operation of the fund we do admit that there were challenges ie late remittances of the deduction from its members due to delayed disbursement by the national treasury this indeed delayed the issuing of the new loan to the new applicants.

9. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

In the financial year 2023-2024 we had to go an extra mile to balance the politics and service provision to the public, value for money remains to be our key objective.

The County Government of Nandi has advocated for all the stakeholders i.e. Constituencies and County officials to work together in promoting participatory, governance and accountability.

The strategy has been achieved through public participation in budget making process.

2. Employee welfare

Nandi County Executive committee car loan and mortgage scheme fund has provided instruction, training and supervision so as to ensure health and safety at work of his workers

3. Market place practices-

To ensure responsible competition practices, Nandi County Executive committee car loan and mortgage scheme fund has undertaken vigorous training at various sub counties on emerging issues of corruption both touching on county staff and the public.

10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to grant car loan and mortgage to its members.

Results

The performance of the Fund for the year ended June 30, 2024, are set out on page 1 under financial performance

Trustees

The fund committee members who served during the year are shown on page (vii).

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 to carry out the audit of the Nandi County Executive Committee Car Loan and Mortgage for the year ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date: 26th Sept 2024

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nandi County Executive Committee Car Loan and Mortgage Scheme Fund Regulation 2017 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. 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 Nandi County Executive Committee Car Loan and Mortgage Scheme Fund Regulation 2017. 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, 2024, 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.

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Report and Financial Statements
For the Year Ended 30th June 2024*

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.

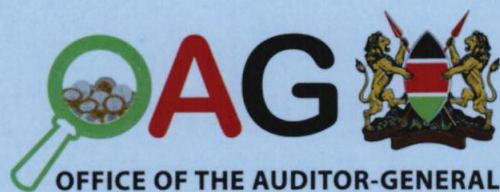
The Fund's financial statements were approved by the Board on 26th Sept 2024 and signed on its behalf by:

Name: Sign: 

Name: CPA Prisca Jepchirchir

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NANDI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

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 the 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nandi County Executive Committee Car loan and Mortgage Scheme Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2024 and the statement of

financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Nandi County Executive Committee Car loan and Mortgage Scheme Fund as at 30 June, 2014 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 the Nandi County Executive Committee Car loan and Mortgage Scheme Fund Act, 2014.

Basis for Qualified Opinion

1. Misstatement in Financial Statements

Note 25 of the financial statement reflects a net cash flow from operating activities of Kshs.3,647,807 which includes an increase in receivables of Kshs.5,481,165. However, the amount differs with the actual recoverable movement of Kshs.101,135,717.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

2. Loan Under-Performance

The statement of the financial position reflects long term receivables from exchange transactions amount of Kshs.183,456,935 and current portion of long-term receivable from exchange transaction of Kshs.60,259,998. Audit review of loan repayments and loan amortization schedules revealed that a total of twenty-seven (27) loanees had loan under recoveries totalling to Kshs.19,572,437. The under recoveries arose from the differences between principal loan repayments by the loanees and the expected recoveries as per the amortization schedule. This is contrary to section 16(1)(a)(b) of the Nandi County Executive Car Loan and Mortgage Scheme Fund Regulations, 2018 which requires issuance of maximum car loans of Kshs.2 Million at an interest rate of 3% per annum, on a monthly reducing balance and a maximum mortgage facility of Kshs.3 million at an interest rate of 3% per annum, on a monthly reducing balance all with prompt repayment.

In the circumstances, poor risk management of loan may increase incidences of underperforming loans.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nandi County Executive Committee Car loan and Mortgage 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

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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.151,354,180 against actual performance of Kshs.130,965,392 resulting into an under realization of Kshs.20,388,788 or 13% of the total revenue budget. Similarly, the Fund expended Kshs.129,885,949 against Actual receipts of Kshs.130,965,392 resulting into and under expenditure of Kshs.1,079,443 or 0.8% of the actual receipts.

The under-performance may have affected the planned activities and impacted negatively on service delivery to the staff.

My opinion however, is not modified in the effect of this matter.

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. Except for the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Years Matters

In the audit report of the previous year, one (1) issue was raised under the Report on the Financial the statements and another one (1) issue under the Report on the Effectiveness of Internal Control, Risk Management and Governance. However, the issues remain unresolved contrary to Section 149(2)(I) of the Public Finance Management Act, 2012 which require accounting officers designated for a County Government entity to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

The Fund Administration Committee is responsible for the other information set out on pages (iii) to (xviii) which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Board/Fund and Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Report of the Trustees. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Nandi County Executive Committee Car loan and Mortgage Scheme Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially

inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Legal Services Expenses

The statement of financial performance and Note 7 to the financial statement reflects total expenses of Kshs.1,951,730 which include loan processing costs of Kshs.1,951,250. Audit review revealed that loan processing payments of Kshs.1,951,250 were made to a legal firm towards provision of conveyancing and charging of security documents for loans disbursed by the Fund. However, the process experienced the following anomalies;

- (i) There was no evidence provided for review to indicate that the legal firm offering conveyance services was competitively procured in accordance with Section 91 of the Public Procurement and Asset Disposal Act, 2015.
- (ii) A list of prequalified suppliers confirming that the legal firm was prequalified and quotations showing how the firm was competitively sourced was not provided audit review.
- (iii) Contract agreement between the legal firm and the Fund was not provided for audit verification.
- (iv) Payment vouchers for legal services were not duly supported and approved by both approver I and approver II and the payments were made without invoice from the law firm.
- (v) There was no recommendation by the Department of legal services as required by Section 11(4) of the Public Finance Management (Nandi County Executive Committee Car Loan and Mortgage Scheme Fund) Regulations, 2018 which states that all legal transactions in respect of property being purchased shall

be conducted by advocate appointed by the committee upon recommendation of the department of legal services.

In the circumstances, the regularity of legal expenses could not be confirmed.

2. Failure to Remit Insurance Premiums for Car and Mortgage Loans

The statement of financial performance and note 5 to financial statements reflects other income amount of Kshs.3,659,422 which relates to loan charges income. Included in this amount is Kshs.392,081 insurance charges from loan beneficiaries that had not been remitted to insurance agency. In addition, there were no records provided for review on comprehensive insurance on loans and mortgage granted contrary to Section 17(1) of the Public Finance Management (Nandi County Executive Committee Car Loan Mortgage Scheme Fund) Regulations, 2018 which states that every loan or mortgage granted under these Regulations shall be comprehensively insured by the beneficiary for his or her own benefit. (2) where a beneficiary of the fund is unable to raise the funds required for the initial insurance premium, the funds may be advanced from the fund, subject to an approved limit, and that amount shall be debited to the account of the member of the scheme, and subsequently, the annual premiums shall be paid by the member of the scheme.

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

3. Trade and Other Payables from Exchange Transactions – Non Insurance of the Loans

The statement of financial position reflects current liabilities of Kshs.2,540,642 which according to Note 20 to the financial statement are trade payables. Audit review of trade payables revealed that these were insurance and legal deductions made from loanees which were still held by the Fund and had not been paid out to the service providers. Management did not provide the reason for non-remittance of these amounts to the service providers.

In the circumstances, not remittance of insurance premium to service providers renders the purported cover inactive.

4. Unremitted Payroll Deductions

The statement of financial performance and Note 13 to the financial statements reflects current portion of long-term receivable from exchange transaction of Kshs.60,259,998 which include current loan repayments dues of Kshs.6,646,716 which comprise of payroll deductions that had not been remitted to the Fund by the Nandi County Executive as at 30 June, 2024 as detailed below: -

Month	Amount (Kshs)
August	88,000.00
September	343,651.50
October	277,248.50
November	343,651.50

Report of the Auditor-General on Nandi County Executive Committee Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2024

Month	Amount (Kshs)
December	410,054.50
January	410,054.50
February	277,248.50
March	343,651.50
April	593,928.50
May	593,928.50
June	2,965,298.35
TOTAL	6,646,716.00

In the circumstances, the long outstanding receivables affected the Fund's cashflow and loan disbursements.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Issuance of Loans without Formal Applications

The statement of financial position reflects long term receivable from exchange transaction of Ksh.183,456,935. Included in these receivables are mortgage loans issued to five (5) members of staff in the year under review of Ksh.43,550,000. However, the loan disbursements made were not supported by applicant's formal application addressed to the Nandi County Executive Car and Mortgage Committee and the subsequent approvals.

Further, due diligence process comprising of property valuation by registered valuers and formal searches conducted and charged titles as collateral were not provided for audit review.

In the circumstances, there is weak loan management processes.

The audit was conducted in accordance with 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 the Board of Trustees

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 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 governance.

In preparing the financial statements, 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 Management is aware of the intention to cease operations.

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

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

The Fund Administration Committee 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements follow the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


23 December, 2024


*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

13. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	5,713,108	2,697,474
Other Income	5	3,659,422	1,747,670
Total Revenue		9,372,530	4,445,144
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,951,730	1,676,380
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		1,951,730	1,676,380
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		7,420,800	2,768,764

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26th Sept 2024 and signed by:

.....

Name: CPA Hellen Kemboi
Administrator of the Fund
ICPAK Member No:11936

.....

Name: CPA Mathew Rop
Fund Accountant
ICPAK Member Number: 21626

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Report and Financial Statements
For the Year Ended 30th June 2024*

14. Statement of Financial Position as At 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	1,079,443	26,086,186
Current Portion of Long- Term Receivables From Exchange Transactions	13	60,259,998	3,590,408
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		61,339,441	29,676,594
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	183,456,935	138,990,808
Investment Property	19	-	-
Total non- current assets		183,456,935	138,990,808
Total Assets (A)		244,796,375	168,667,403
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	2,540,642	832,470
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		2,540,642	832,470
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total non current liabilities			

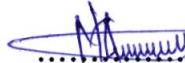
*Nandi County Executive Car Loan and Mortgage Scheme Fund
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For the Year Ended 30th June 2024*

Total Liabilities (B)		2,540,642	832,470
Net Assets (A-B)		242,255,733	167,834,933
Represented By:			
Revolving Fund		223,000,000	156,000,000
Reserves		-	-
Accumulated Surplus		19,255,733	11,834,933
Net Assets		242,255,733	167,834,933

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26th Sept 2024 and signed by:



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Name: CPA Hellen Kemboi
Administrator of the Fund
ICPAK Member No:11936



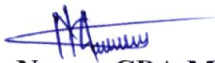
.....
Name: CPA Mathew Rop
Fund Accountant
ICPAK Member Number: 21626

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

15. Statement Of Changes in Net Assets for the year ended 30th June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	156,000,000	-	-	156,000,000
Surplus/(Deficit) For the Period	-	-	11,834,933	11,834,933
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	156,000,000	-	11,834,933	167,834,933
Balance As At 1 July 2023	156,000,000	-	11,834,933	167,834,933
Surplus/(Deficit) For the Period		-	7,420,800	7,420,800
Funds Received During the Year	67,000,000	-	-	67,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	223,000,000	-	19,255,733	242,255,733



Name: CPA Hellen Kemboi
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ICPAK Member No:11936


Name: CPA Mathew Rop
Fund Accountant
ICPAK Member Number: 21626

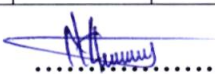
*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

16. Statement Of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		5,599,537	2,825,941
Receipts from other operating activities		-	-
Total receipts		5,599,537	2,825,941
Payments			
Fund administration expenses		(1,951,730)	(1,676,380)
General expenses		-	-
Finance cost		-	-
Other payments		-	-
		(1,951,730)	(1,676,380)
Net cash flows from operating activities	25	3,647,807	1,149,561
Cash flows from investing activities			
Transfers from the County Government		-	50,000,000
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		32,279,669	30,540,656
Loan disbursements paid out		-127,934,219	-58,744,851
Net cash flows used in investing activities		-95,654,551	21,795,805
Cash flows from financing activities			
Transfers from the County Government		67,000,000	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		67,000,000	-
Net increase/(decrease) in cash & cash Equivalents		-25,006,743	22,945,365
Cash and cash equivalents at 1 July		26,086,186	3,140,821
Cash and cash equivalents at 30 June		1,079,443	26,086,186



.....
Name: CPA Hellen Kemboi
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ICPAK Member No:11936



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Name: CPA Mathew Rop
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ICPAK Member Number: 21626

*Nandi County Executive Car Loan and Mortgage Scheme Fund
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17. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2024	2024	2024	2024	2024	2024
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
balance b/d	26,086,186	-	26,086,186	26,086,186	-	100
Transfers from County Govt.	67,000,000	-	67,000,000	67,000,000	-	-
Interest income and other income	9,373,010	-	9,373,010	5,599,537	3,773,473	60
Principle recovered	48,894,984	-	48,894,984	32,279,669	16,615,315	66
Total income	151,354,180	-	151,354,180	130,965,392	20,388,788	87
Expenses						
Fund administration expenses	3,659,422	-	3,659,422	1,951,250	1,708,172	53
top ups and new loans	147,694,278	-	147,694,278	127,934,219	19,760,059	87
Finance cost	480	-	480	480	-	100
Total expenditure	151,354,180	-	151,354,180	129,885,949	21,468,231	86
Surplus for the period	-	-	-	1,079,443	-1,079,443	1

*Nandi County Executive Car Loan and Mortgage Scheme Fund
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 For the Year Ended 30th June 2024*

Revenue Reconciliation	
Revenue Reconciliation	
Revenue as per the Statement Of Comparison Of Budget And Actual	130,965,392
Less: capital	67,000,000
Balance B/d	26,086,186
Principal recovered	32,279,669
Add:Other income	3,659,422
Previous interest and principal recovered	113,571
Total	9,372,530
Less:	
Expenditure Reconciliation	
Expenditure as per the Statement Of Comparison Of Budget And Actual	129,885,949
Less: top up and new loans	127,934,219
	1,951,730
Total	7,420,800

18. Notes to the Financial Statements

1. General Information

Nandi County Executive committee car loan and mortgage scheme fund is established by and derives its authority and accountability from 2012 Act. The entity is wholly owned by the Nandi County Government and is domiciled in Kenya. The entity's principal activity is to purchase car and purchase, development or renovation of residential property for occupation by the applicant

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2024

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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.

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Standard	Effective date and impact:
	<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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p>

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

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

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Standard	Effective date and impact:
	<p>have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></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 presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024.

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly,

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Summary Of Significant Accounting Policies (Continued)

b) 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.

c) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

e) 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.

f) 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.

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Act under the Ministry of xxx. Its ultimate parent is the County Government of Nandi.

n) Currency

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

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.

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	67,000,000	50,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	67,000,000	50,000,000

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Car loan and Mortgage scheme fund	5,713,108	2,697,474
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Total Interest Income	5,713,108	2,697,474

Notes to the Financial Statements Continued

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
loan charges income	3,659,422	1,747,670
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	3,659,422	1,747,670

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	1,951,250	1,675,000
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	480	1,380
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
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Description	2023-2024	2022-2023
	Kshs.	Kshs.
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	1,951,730	1,676,380

8. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

10. Gain/(loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Nandi County Car Loan Account and Mortgage Scheme Fund Account	1,079,443	26,086,186
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	1,079,443	26,086,186

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) b) On - Call Deposits			
Cooperative bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) c) Current Account			
Cooperative bank	1141329919900'	1,079,443	26,086,186
Bank B		-	-
Sub- Total		1,079,443	26,086,186
d) d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		1,079,443	26,086,186

13. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Interest and principle receivable(payee and county treasury)	6,646,716	3,590,408
Interest receivable County Payroll		-
Current loan repayments due	53,613,282	-
Total Current Receivables	60,259,998	3,590,408
Non-Current Receivables		
Long Term Loan Repayments Due	183,456,935	138,990,808
Total Non- Current Receivables	183,456,935	138,990,808

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Total Receivables From Exchange Transactions	243,716,932	142,581,217
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	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	-	-

14. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Total Inventories at The Lower of Cost and Net Realizable Value	-	-
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Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023-2024	2022-2023
	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 xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2023-2024	2022-2023
	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

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	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

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*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

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 (Previous FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-
Depreciation And Impairment					
At 1 st July (Previous FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-
Net Book Values					
At 30 th June (Previous FY)	-	-	-	-	-
At 30 th June (Current FY)	-	-	-	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2023-2024	2022-2023
	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	2023-2024	2022-2023
	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	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
Trade Payables	2,540,642		832,470	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	2,540,642		832,470	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% 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	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2023-2024	2022-2023
	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)	-	-

*Nandi County Executive Car Loan and Mortgage Scheme Fund
Reports and Financial Statements For the Year Ended 30th June 2024*

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	7,420,800	2,767,691
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(5,481,165)	(1,690,800)
Increase In Payables	1,708,172	72,670
Net Cash Flow From Operating Activities	3,647,807	1,149,561

*Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year Ended 30th June 2024
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	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

*Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
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 Other Disclosures Continued*

e) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

*Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
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For the Year Ended 30th June 2024*

Other Disclosures 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	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2023				
Receivables From Exchange Transactions				
Receivables From Non Exchange Transactions				
Bank Balances				
Total				

***Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year Ended 30th June 2024***

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 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

***Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
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The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

*Nandi County Executive Committee Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
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Foreign currency sensitivity analysis*

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

d) Capital risk management

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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:

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	223,000,000	156,000,000
Accumulated surplus	19,255,733	12,025,567
Total funds	242,255,733	168,025,567
Total borrowings	237,070,217	138,990,808
Less: cash and bank balances	1,079,443	26,086,186
Net debt/(excess cash and cash equivalents)	235,990,774	112,904,622
Gearing	0.97	0.67

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19. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in the financial statements	An amount of Kshs.138,990,808 under note 22 (e) was an additional disclosure and not forming part of the notes to the financial statements. The same was reflected in the statement of financial position under note 12. iii) The statement of financial position reflects current portion of receivables from exchange transactions , long term receivables from exchange transactions and cash and cash equivalents balances of Kshs.3,590,408, Kshs.26,086,186 and Kshs.138,990,808 respectively. However, the credit risk which is the risk that a counterparty will be unable to pay amounts in full when due, associated with the financial assets have not been disclosed in Note no.24(a) to the financial statements.	Resolved	20/12/2023
2.		The interest amount of Kshs.26, 086,186 disclosed in the statement of cash flow was the actual interest earned and received as per	Resolved	20/12/2023

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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)
		the bank statement while the amount under Note 21 was the interest realized during the year as per the amortization schedules and was reflected in the statement of financial performance.		
3.	Budgetary Control and Performance	<p>Management responses</p> <p>The under-funding of Kshs.3,130,000 or 3% of the budget and under-expenditure of Kshs.29,216,186 or 33 % of the budget and actual amount were due to inadequate funding from the County Executive occasioned by strained budget ceilings and late remittances to the fund by the County treasury.</p>	Resolved	20/12/2023