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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KWALE COUNTY ASSEMBLY MEMBERS AND  
STAFF LOAN SCHEME FUND**

**FOR THE YEAR  
ENDED 30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 95202. MOMBASA  
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**KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME  
FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2021**

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

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021**

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Table of Contents

1.	KEY ENTITY INFORMATION AND MANAGEMENT	2
2.	THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE	5
3.	STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	6
4.	MANAGEMENT TEAM	7
5.	BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT	8
6.	REPORT OF THE FUND MANAGER/ ADMINISTRATOR	9
7.	CORPORATE GOVERNANCE STATEMENT	10
8.	MANAGEMENT DISCUSSION AND ANALYSIS	12
9.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	13
10.	REPORT OF FUND ADMINISTRATION COMMITTEE	14
11.	STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	15
12.	REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME FUND 2020/2021	17
13.	FINANCIAL STATEMENTS	18
<b>13.1</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.....</b>	<b>18</b>
<b>13.2</b>	<b>STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021.....</b>	<b>19</b>
<b>13.3</b>	<b>STATEMENT OF CHANGES IN NET ASSETS AS AT 30<sup>TH</sup> JUNE 2021.....</b>	<b>21</b>
<b>13.4</b>	<b>STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.....</b>	<b>22</b>
<b>13.5</b>	<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021.....</b>	<b>23</b>
<b>13.6</b>	<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....</b>	<b>24</b>
14.	NOTES TO THE FINANCIAL STATEMENTS	44
15.	PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	57
16.	APPENDIX I: ANALYSIS OF CAR LOAN RECEIVABLES	58
17.	APPENDIX II: ANALYSIS OF MORGAGE LOAN RECEIVABLES	61
18.	APPENDIX III: ANALYSIS OF SCHEDULE OF RETENTION	64

## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

The Kwale County Assembly Members and Staff Loan Scheme Fund is established by and derives its authority and accountability from the Kwale County Assembly Members and Staff Loan Scheme Act 2016 and provision of Section 116 of the PFM Act 2012. The Fund is wholly owned by the County Government of Kwale and is domiciled in Kenya.

The Fund is managed through a Committee. The Committee is composed of two Members of the County Assembly (MCAs) who are appointed by the speaker and three Staff members, two of whom are appointed by the Clerk.

The fund's objective is to provide descent residential housing and motor vehicles for transport to its members.

The Fund's principal activity is to disburse and manage loans to members.

### **b) Principal Activities**

The Kwale County Assembly Members and staff loan Scheme fund is envisioned to see empowered mobility and descent residence of its members in the county through provision of affordable car loans and mortgage facilities.

The principal activity/mission/ mandate of the Fund is to disburse and manage loans to members in the following forms;

1. Mortgage loan
2. Car Loan.

### **c) Fund Administration Committee**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Chair person	Sawa Hamisi Ngalaa
2	Fund Administrator	Fatuma Hassan Mwalupa
3	Member	Hon.Alfred Ruwa Bavu
4	Member	Hon.Teresia Bahati Muoki
5	Member	Fatuma Mwinyi kingi

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**d) Key Management**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Fund Administrator	Fatuma Hassan Mwalupa
2	Fund Accountant	CPA Philip Wanje Ziro

**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Head of Internal Audit	Dickson Nyundo Mangale

**f) Registered Offices**

P.O. Box 231 - 80403  
County Assembly Building's  
Kwale-Kinango Road/Highway  
Kwale, KENYA

**g) Fund Contacts**

Telephone: (254)714912610  
E-mail: [info@kwalecountyassembly.co.ke](mailto:info@kwalecountyassembly.co.ke)  
Website: [www.kwalecountyassembly.co.ke](http://www.kwalecountyassembly.co.ke)

**h) Fund Bankers**

- Kenya Commercial Bank  
P.O. Box 43-80403  
Kwale
- Family Bank of Kenya  
Nkuruma road Branch  
Mombasa

**i) Independent Auditors**

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

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112






City Square 00200

Nairobi, Kenya

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

The Kwale County Assembly Members and Staff Loan Scheme Fund has no Board of Trustees. It operates under The Fund Committee.

Name	Details of qualifications and experience
 1. Sawa Hamisi Ngalaa	Chairman of the Fund Committee and a senior clerk to the County Assembly of Kwale. Mr. Sawa holds a bachelor's degree in business from Methodist University. He boasts a wealth of experience in parliamentary procedures and has been the Chairman for Kwale Civic Workers Sacco for over 10 years.
 2. Fatuma Mwalupa	Fatuma Hassan Mwalupa is the Ag. Clerk of the County Assembly of Kwale and also the Fund Administrator. She is a lawyer by profession and holds a law degree from the university of Dare-esalam
 3. Hon. Alfred Bavu	A Member of the Fund and a re-owned law maker of the County Assembly of Kwale representing the people of Kinango Ward. A teacher by profession with a wealthy of teaching experience.
 4. Hon. Teresia B. Muoki	A Member of the Fund and a re-owned law maker of the County Assembly of Kwale representing special interest group. Previously worked with NGO world in managerial capacity.
 5. Fatuma Kingi	A Member of the Fund and a legal drafter of the County Assembly of Kwale. Holds a bachelor's degree in law from Kampala University.

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'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 shall do so in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board and will include a statement of the county government entity's performance against predetermined objectives.



The Kwale County Assembly is operating a loan scheme fund as anchored in the Kwale County Assembly Members & Staff Loan Scheme Fund Act 2016. The Fund has two main objectives:

- i. Offer loans for Mortgages
- ii. Offer loans to buy cars.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Car Loan	To improve on mobility to and from work places.	Efficient time management in mobility.	Number of Loan applied	100% disbursement for all loans applied.
Mortgage Loan	To improve living standards through provision of loans for houses.	Improved living standards and shelter.	Number of Loans applied.	95% disbursement for all loans applied.

**4. MANAGEMENT TEAM**

Name	Details of qualifications and experience
 <p>1. Fatuma Mwalupa</p>	<p>Fatuma Hassan Mwalupa is the Ag. Clerk of the County Assembly of Kwale and also the Fund Administrator. She is a lawyer by profession and holds a law degree from the university of Dar-es-salaam</p>
 <p>2. CPA Philip Wanje Ziro</p>	<p>Philip Ziro is the Director Finance &amp; Accounts to the County Assembly of Kwale.</p> <p>He has a wide experience in public sector finance having worked for various municipalities and County Councils for over 20 years before devolution.</p> <p>He holds a Bachelors and a Master's degree in Business Administration from the Kenya Methodist University specialising in finance.</p> <p>He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>

## **5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

The year 2021/2022 is anticipated to have a low level of lending activities though a significant unit of the Fund's clientele composed of mostly staff of the County assembly desire to take up loans. The focus will be centred on timely recoveries of the outstanding loans to ensure further disbursement to new applicants.

During the year, the Commission for Salaries and Remuneration (SRC) approved a one off car grant to Members of the county Assembly including the Speaker. The management committee therefore guided by this circular implemented the directive and all members of received the benefit. The grant total was kshs 72,000,000 and was paid by the County Assembly of Kwale. The fund contributed Kshs 30,000,000 to CRF to facilitate the grant since there was deficit of the same at that time. Fund later received funds totalling to Kshs. 72,000,000 that helped the revolving fund back to its normalcy.

I take this opportunity to thank all the committee members who dedicated their time and energy to ensure quality service delivery and meeting the fund's Scheme's objective. It was not easy, but the success we recorded was through your collaborative effort. I must say a big thank you. A big thank to our esteemed clients whose presence ensured that we had someone to serve. Above all, to the entire management of county Assembly who provided invaluable input whenever sought to do so.

I look forward to your support in the year 2021/2022 as we endeavour to put a roof and power mobility to you, our esteemed clients. God bless you all

Signed:  \_\_\_\_\_

Sawa Hamisi Ngalaa

**Chair of the Fund Administration Committee**

## **6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR**

The County Assembly is operationalizing a fund scheme for the purpose of enabling its member's access loans to purchase cars and acquire housing facilities.

The operations of the fund are guided by the County Assembly Members and Staff loan scheme Act 2016 and as subsequently amended. There is a committee which manages the day today affairs of the fund. The committee membership is composed of five Members, three being members of the staff, one of whom shall be the chairman, and two members from among the Members of the county Assembly.

The County Assembly of Kwale Fund had an income budget of Kshs. 6,400,000 and an expenditure budget of Kshs. 3,257,000. The actual income realized was Kshs. 6,222,335 translating to 97% on actual comparable basis while the actual expenditure was Kshs. 1,749,543 translating to 54% on comparable basis.

One of the strengths of the fund has been its ability to maximise on monthly loan recoveries. In this regard the fund managed to recover a total of Kshs 63,194,357 of which Kshs 26,627,795 was recovered from car loan division and Kshs 36,566,563 was recovered from the mortgage division. As a revolving fund, the recoveries were further applied to disburse a total principal loan of Kshs 7,540,350 of which Kshs 1,000,000 was disbursed under the Car loan facility and Kshs 6,540,350 under the Mortgage facility.

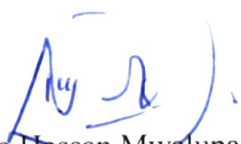
The Salaries and Remuneration commission (SRC) issued a circular to the effect that Members of the County Assembly are entitled to a car grant. The Management committee effected this guideline and a total of Kshs 72,000,000 being the gross Car grant to all Members including the speaker was secured and disbursed by the County Assembly of Kwale.

The fund received Kshs. 72,000,000 from the Controller of Budget which the same amount had been consumed by the car grants which made the Revolving Fund back to Kshs. 197,430,000.

The main source of revenue of the fund is interest income. During the year total of Kshs 6,222,335 was realized as interest income. The major contributor was the mortgage unit which realised a total of Kshs. 5,391,616 followed by car loan unit with a performance of Kshs 830,719.

The total expenses of the fund during the year amounted to Kshs. 1,749,543 and realised a net profit for the year was kshs. 4,472,792

Three beneficiaries of the fund ceased to be employees of the County Assembly; Hon. Juma Maone, Mr. Denis Mutui and Mr. William Mjape who have loans which are slowly or not serviced amounting to Ksh 3,914,868 for Car Loan & Ksh. 12,026,694.73 for Mortgage Loan. The management is in the process of instituting legal procedures towards recovery.

  
Fatuma Hassan Mwalupa  
**Fund Administrator**

## **7. CORPORATE GOVERNANCE STATEMENT**

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 the County Assembly of Kwale Members and Staff Loan Scheme Act 2016, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

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 02/11/ 2021  
and signed on its behalf by:

  
\_\_\_\_\_  
Fatuma Hassan Mwalupa  
**Fund Administrator**

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Fund has a total Capital of Kshs. 212,154,186 comprising of a revolving Fund of Kshs. 197,430,000 and an Accumulated surplus of Kshs. 14,724,186.

The demand for new loans is more than what the Fund can currently support. The Management is considering seeking for more funds through the county Assembly budget to replenish the reduced fund.

The fund is in strict compliance with the PFM Act and the County Assembly Members and Staff loan scheme Act 2016 which guides the operation of the Fund.

The Fund is facing risk of loan defaulters especially for those beneficiaries who ceased to be employees of the County Assembly of Kwale. However, the Management and the Committee has taken legal steps towards recovery of the defaulted amounts.

## **9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The County Assembly of Kwale has undertaken various activities to ensure communities within Kwale County benefits from its corporate social responsibility mandate.

On the year under review, the County was hard hit by the pandemic that resulted into lockdown that made many families unable to afford meals in a day.

The County Assembly mobilised food donations from well-wishers and distributed the same to the affected families within the County.

Through the Ward offices, the Members of the County Assembly of Kwale embarked on a raft of measures to make awareness of the pandemic at the ward level and to sensitize citizens on the importance of adherence to the protocols of the Ministry of Health.

### **a) Responsible Supply chain and supplier relations**

The entity strictly adheres to the PFM Act and PPRA regarding identification of suppliers and procurement processes. The entity promptly pays their suppliers as per the procurement procedures adopted.

## **10. REPORT OF FUND ADMINISTRATION COMMITTEE**

The Kwale County Assembly Members and Staff Loan Scheme Fund has no Board of Trustees. It operates under The Fund Committee.

### **10.1 Principal activities**

The principal activities of the Fund are issuance of car loan and mortgage loan.

### **10.2 Performance**

The performance of the Fund for the year ended June 30, 2021, are set out on page 18

### **10.3 Trustees**

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page 7.

### **10.4 Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Sign:

Sawa Hamisi Ngalaa

**Chair of the Fund Administration Committee**

Date: 02/11/2021

## **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 the County Assembly of Kwale Members and Staff Loan Scheme Act 2016, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

---

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES (CONTINUED)**

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 02/11/ 2021

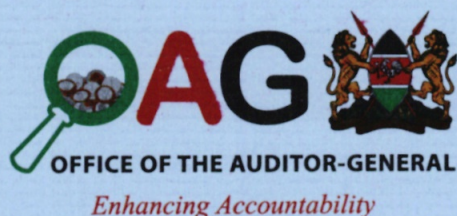
and signed on its behalf by:

  
\_\_\_\_\_  
Fatuma Hassan Mwalupa

**Fund Administrator**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Kwale County Assembly Members and Staff Loan Scheme Fund set out on pages 18 to 57, which comprise of the statement of financial position as at 30 June, 2021, and the statement financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kwale County Assembly Members and Staff Loan Scheme Fund as at 30 June, 2021, 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 Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016.

## **Basis for Qualified Opinion**

### **1.0 Unrecovered Interest Income**

The statement of financial performance reflects interest income of Kshs.6,222,335 as disclosed in Note 4 to the financial statements. Included in the income are amounts of Kshs.5,391,616 and Kshs.830,719 in respect of interest income from mortgage and car loans, respectively. Review of the records revealed that interest income totalling to Kshs.1,570,329 though earned, had not been recovered from the borrowers as at 30 June, 2021.

Further, three (3) borrowers with outstanding loans totalling Kshs.19,368,182 were no longer in service of the County Assembly. However, the Fund Management did not provide details of interest earned to confirm if the non-performing loans had been reverted to market interest rate as provided by the Salaries and Remuneration Circular Ref. SRC/ADM/CIR/13/Vol III (128) dated 17 December, 2014 which requires such reversal to be effected in case of default in loans repayment.

In the circumstances, the accuracy and completeness of the interest income of Kshs.6,222,335 could not be confirmed.

### **2.0 Unsupported General Expenses**

The statement of financial performance reflects general expenses of Kshs.1,649,543 which is disclosed in Note 7 to the financial statements, includes an amount of Kshs.1,635,200 relating to subsistence allowance paid to various Committee Members. However, work tickets and hotel invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of the general expenses of Kshs.1,635,200 could not be confirmed.

### **3.0 Trade and Other Payables from Exchange Transactions**

#### **3.1 Retention Without Clear Criteria**

As previously reported, the statement of financial position and as disclosed in Note 17 to the financial statements reflects trade and other payables from exchange transactions of Kshs.8,506,409, out of which an amount of Kshs.6,538,409 relates to retention money deducted from loans disbursed to members. Records provided for audit review indicated that this amount was to cater for incidental costs incurred while transferring the property to the beneficiaries. However, no set criteria of determining the amount to be deducted were provided for audit review.

Further, the retention amount was not supported by a bank account, bank confirmation certificate, cash book or bank balance.

In the circumstances, the accuracy, completeness and existence of the retention balance of Kshs.6,538,409 could not be confirmed.

#### **3.2 Accrued Management Responsibility Allowances**

Included under Note 17 to the financial statements are accrued expenses of Kshs.1,968,000. Records provided for audit review indicated that the balance relates to the Fund Manager's responsibility allowances that had not been approved for payment. In addition, no documentary evidence was provided for audit review to confirm that the allowance was chargeable as part of the Fund's expenses.

In the circumstances, the accuracy and completeness of the accrued expenses of Kshs.1,968,000 could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matter**

##### **1.0 Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects revenue budget of Kshs.6,400,000 and actual receipts of Kshs.6,049,083 or 94.5%, resulting in a shortfall of Kshs.350,917 or 5.5%. The statement also reflects an expenditure budget of Kshs.3,257,000 against an actual expenditure of Kshs.2,036,543 or 62.5%, resulting in under expenditure of Kshs.1,220,458 or 37.5%.

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*Report of the Auditor-General on Kwale County Assembly Members and Staff Loan Scheme Fund for the year ended 30 June, 2021*

The significant under expenditure means some critical services were not rendered to the Members and Staff of the County Assembly as planned.

## **2.0 Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised. However, the Management had not resolved the issues nor explained failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1.0 Late Submission of Financial Statements**

The financial statements for the Fund were submitted on 4 October, 2021 contrary to Section 149(2)(k) of the Public Finance Management Act, 2012 which states that, "in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury. Management did not provide a satisfactory explanation for failure to comply with the obligation imposed by the Act.

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

##### **2.0 Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions of Kshs.74,855,915 and long-term receivables from exchange transactions of Kshs.106,431,766 as disclosed in Note 11 to the financial statements, all totalling to Kshs.181,287,681. Included in these balances are mortgage short-term receivables from exchange transactions of Kshs.32,766,248 and mortgage long-term receivables from exchange transactions of Kshs.103,733,003, all totalling to Kshs.136,499,251. However, the following anomalies were noted;

##### **2.1 Mortgages**

- i. Management made principal loans recoveries of Kshs.36,586,014 from the borrowers against expected recoveries of Kshs.39,980,897, resulting in a net under-recovery of Kshs.3,394,884. This under recovery was as a result of forty (40)

mortgages with an under recovery of Kshs.8,389,461 and sixteen (16) mortgages with an over recovery/repayment of Kshs.4,994,577.

- ii. Seventeen (17) mortgages had nil recoveries/principal loan repayments in different months spanning from one (1) to twelve (12) months.
- iii. Fifteen (15) mortgages had nil recoveries/principal loan repayments for at least three consecutive months. However, Management did not impose the penalty provided under Section 30 of the Fund Act which states that, “non-repayment of loans for a period of three consecutive months constitutes a default punishable by a penalty of charging the member the market interest rate.”
- iv. Eight (8) mortgages had nil recoveries/principal loan repayments for at least six consecutive months. However, the Fund Management did not refer the defaulters to debt collectors as provided under Section 31 of the Act which states that, “more than six months default will be referred to a reputable debt collector(s) by the Loans Management Committee for recovery at the defaulter's cost.”

## **2.2 Other Unrecovered Exchange Debtors**

Included in the current portion of long-term receivables from exchange transactions of Kshs.74,855,915 are other exchange debtors of Kshs.478,415. Review of records revealed that the Fund Management requested for payroll deduction/recoveries for eight (8) borrowers by the County Assembly for the months of September, October, November and December, 2020 and proceeded to credit the borrowers' loan accounts with the expected deductions. However, the deductions were not received by the Fund and therefore remained outstanding.

In the circumstances, the existence of effective of internal controls system on debt recovery could not be confirmed.

## **3.0 Administration of the Fund**

The financial statements were signed by the Clerk to the County Assembly as the interim Fund Administrator of the Fund. Information available for audit indicated that the appointment of the substantive Fund Manager who administered the Fund from 1 July, 2020 to 26 February, 2021 was withdrawn by the County Executive Committee Member for Finance on dated 26 February, 2021. However, as previously reported, no evidence was provided to confirm that the Fund Manager had been duly appointed as required under Section 9 of the Kwale County Assembly Members and Staff Loan Fund Act, 2016 which states that, ‘the Fund Manager shall be appointed through a competitive process by the County Assembly Service Board’.

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

## **4.0 Uninsured Properties**

The statement of financial position reflects total receivables from exchange transactions of Kshs.181,287,681 as disclosed in Note 11 to the financial statements. Included in these receivables are amounts of Kshs.10,497,000 and Kshs.136,499,251 in respect of car

loans and mortgages. However, no documentary evidence was provided to confirm that the cars and properties acquired from the proceeds of the loans had been insured as required under Section 22 of the Kwale County Assembly Members and Staff Loan Scheme Fund, 2016.

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

### **5.0 Failure to Register for Joint Ownership of Assets Acquired Through Loans**

As previously reported, the outstanding car loans and mortgages of Kshs.10,497,000 and Kshs.136,499,251, respectively comprises twenty- five (25) car loans and fifty- four (54) mortgages. Audit review of the documents provided revealed the following irregularities:

- i. Title deeds for nineteen (19) properties acquired through the mortgages and with total outstanding loans balance of Kshs.58,663,288 were not provided for audit verification. This is contrary to Section 18(2) of the Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016 which requires the property ownership to be registered jointly between the County Assembly Service Board and the member and, be kept in the custody of the Fund Manager until the loan is repaid in full by the member.
- ii. Out of the thirty-five (35) title deeds for property acquired through the mortgage fund and provided for audit, twenty-three (23) title deeds for loans with outstanding balance of Kshs.45,893,461 had not been jointly registered contrary to Section 18(2) of the Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016. Further, twenty-two (22) title deeds were still in the name of the sellers and had not been transferred to the borrowers casting doubt if the properties had actually been sold to the borrowers. This was not done despite having deducted retention money for the purpose of transferring or jointly registering the properties.
- iii. One logbook for a motor vehicle with an outstanding loan balance of Kshs.1,272,169 had not been jointly registered contrary to Section 18(2) of the Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016.. A further, six (6) logbooks for motor vehicles acquired through car loans and with outstanding loan balance of Kshs.3,048,926 were not provided for audit verification.

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

### **6.0 Outstanding Loan Balances to Former Beneficiaries**

As previously reported, included in the receivables from exchange transactions total balance of Kshs.181,287,681 is an amount of Kshs.19,363,182, in respect of loans advanced to three (3) former employees and a former Member of the County Assembly who are not servicing their loans. Although demand letters had been issued to the borrowers, Management did not provide any evidence of having initiated any legal process to effect recovery.

In the circumstances, the recoverability of receivables from exchange transactions balance of Kshs.19,363,182 could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Weaknesses in Governance and Internal Controls

Audit review of the Fund's governance, internal controls and operational procedures revealed the following risks and weaknesses:

- i. The Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016 establishes a Loans Management Committee and a Fund Administrator. Further, the Act provides for a Loans Management Committee whose functions are restricted to considering and approving loans applications submitted by the Fund Manager/Administrator. This means that the Committee also performs administrative duties of establishing the procedures for approving the loans, hence no segregation of duties in loans processing.
- ii. The Fund has not designed, approved and implemented policies and procedures for determining the loan repayment and process of effecting the same through payroll. This has resulted in an arbitrary adjustments by the Loans Committee and the Fund Manager of amounts repayable by the borrowers.
- iii. The Fund does not have a policy on retention money when disbursing loans. This has resulted in discrepancies in amounts deducted from borrowers, thus lacking in equity and fairness.

In the circumstances, the existence of effective Fund's governance structure and internal controls could not be confirmed.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

06 September, 2022

**13. FINANCIAL STATEMENTS**

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	6,222,335	6,234,156
Other income	5	-	-
		<b>6,222,335</b>	<b>6,234,156</b>
<b>Total revenue</b>		<b>6,222,335</b>	<b>6,234,156</b>
<b>Expenses</b>			
Fund administration expenses	6	100,000	4,291,000
General expenses	7	1,649,543	1,880,486
Finance costs	8	-	-
<b>Total expenses</b>		<b>1,749,543</b>	<b>6,171,486</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/( deficit) for the period</b>		<b>4,472,792</b>	<b>62,670</b>

The notes set out on pages 44 to 56 form an integral part of these Financial Statements.

**Kwale County Assembly Members and staff Loan scheme Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021.**


**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

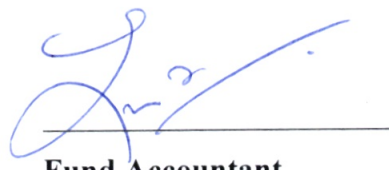
	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	39,372,914	12,313,682
Current portion of long- term receivables from exchange transactions	11	74,855,915	61,650,268
Receivables from Non- exchange transactions	12		
Prepayments	13	-	-
Inventories	14	-	-
<b>Current assets</b>		<b>114,228,829</b>	<b>73,963,950</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	-	-
Intangible assets	17	-	-
Long term receivables from exchange transactions	11	106,431,766	143,262,127
<b>Non current Assets</b>		<b>106,431,766</b>	<b>143,262,127</b>
<b>Total assets</b>		<b>220,660,595</b>	<b>217,226,077</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	8,506,409	9,544,684
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Current liabilities</b>		<b>8,506,409</b>	<b>9,544,684</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	20	-	-
<b>Total liabilities</b>		<b>8,506,409</b>	<b>9,544,684</b>
<b>Net assets</b>		<b>212,154,186</b>	<b>207,681,393</b>
Revolving Fund	21 C	197,430,000	197,430,000
Reserves			
Surplus/Deficit		4,472,792	62,670
Accumulated surplus		10,251,394	10,188,723
<b>Total net assets and liabilities</b>		<b>212,154,186</b>	<b>207,681,393</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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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 02/11/ 2021 and signed by:

  
\_\_\_\_\_  
**Fund Administrator**  
Fatuma Hassan Mwalupa

  
\_\_\_\_\_  
**Fund Accountant**  
CPA Philip Ziro  
ICPAK Member Number: 20407

**Kwale County Assembly Members and staff Loan scheme Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30<sup>TH</sup> JUNE 2021**

	<b>Revolving Fund</b>	<b>Revaluation Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2018</b>	<b>197,430,000</b>	-	<b>7,488,160</b>	<b>204,918,160</b>
Surplus/(deficit) for the period	-		2,700,564	2,700,564
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>197,430,000</b>	-	<b>10,188,724</b>	<b>207,618,724</b>
<b>Balance as at 1 July 2019</b>	<b>197,430,000</b>	-	<b>10,188,724</b>	<b>207,618,724</b>
Surplus/(deficit) for the period	-	-	62,670	62,670
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>197,430,000</b>	-	<b>10,251,394</b>	<b>207,681,394</b>
<b>Balance as at 1 July 2020</b>	<b>197,430,000</b>	-	<b>10,251,394</b>	<b>207,681,394</b>
Surplus/(deficit) for the period	-	-	4,472,792	4,472,792
Funds received during the year	72,000,000	-	-	72,000,000
Car Grant settlement	(72,000,000)			(72,000,000)
Revaluation gain				-
<b>Balance as at 30 June 2021</b>	<b>197,430,000</b>	-	<b>14,724,186</b>	<b>212,154,186</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received	4	6,222,335	6,234,156
Receipts from other operating activities			-
<b>Total Receipts</b>		<b>6,222,335</b>	<b>6,234,156</b>
<b>Payments</b>			
Fund administration expenses	6	(100,000)	(4,291,000)
General expenses	7	(1,649,543)	(1,880,486)
Finance cost		-	-
<b>Working Capital adjustments</b>			
Decrease/(Increase) in Accounts receivable:	21 A	23,624,715	(10,787,484)
Increase/(Decrease) in Accounts Payable: Deposits & Retention	21 B	(1,038,275)	(1,024,079)
<b>Net cash flows from operating activities</b>		<b>27,059,232</b>	<b>(11,748,893)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>27,059,232</b>	<b>(11,748,892)</b>
Cash and cash equivalents at 1 JULY	10	12,313,682	24,062,574
<b>Cash and cash equivalents at 30 JUNE</b>	10	<b>39,372,914</b>	<b>12,313,682</b>

**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021.**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilisation</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Public contributions and donations	-	-	-	-	-	
Transfers from Accumulated surplus	-		-		-	0%
Interest income	6,400,000	-	6,400,000	6,049,083	350,917	95%
Other income	-	-	-	-	-	
<b>Total income</b>	<b>6,400,000</b>	<b>-</b>	<b>6,400,000</b>	<b>6,049,083</b>	<b>350,917</b>	<b>95%</b>
<b>Expenses</b>						
Fund administration expenses	892,000	-	892,000	387,000	505,000	43%
General expenses	2,365,000	-	2,365,000	1,649,543	715,458	70%
Finance cost	-	-	-	-	-	
<b>Total expenditure</b>	<b>3,257,000</b>	<b>-</b>	<b>3,257,000</b>	<b>2,036,543</b>	<b>1,220,458</b>	<b>63%</b>
<b>Surplus for the period</b>	<b>3,143,000</b>	<b>-</b>	<b>3,143,000</b>	<b>4,012,541</b>	<b>(869,541)</b>	

**Budget notes**

- The expenses were greatly affected by the COVID-19 Pandemic which led most staff working from home hence reduction in activities.*

### **13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard/ Amendments : Applicable: 1 <sup>st</sup> January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	<i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i>
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**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></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>
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**3. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**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.

**4. Budget information**

The original budget for FY 2020/2021 was approved by the County Assembly on 30<sup>th</sup> June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

---

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**5. 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.

**2. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Financial instruments**

**a) 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.

**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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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)

***b) 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.

**4. 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.

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

## **5. 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.

**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.

**6. 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.*

**7. 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.

**8. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**9. 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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. 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 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.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by Kwale County Assembly Members and Staff Loan Scheme Funds Act 2016.

**16. Currency**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17. 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:

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Provisions**

Unless otherwise specified, the entity does not make any provisions.

**18. 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.

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
	-	-	-	-
<b>At 30 June 2020</b>	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(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 xxx.

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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

	<b>Less than 1 month</b>	<b>Between 1- 3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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.

**d) 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) 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.

**f) Capital risk management**

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

	<b>2021</b>	<b>2020</b>
	<b>KShs</b>	<b>KShs</b>
Revaluation reserve	-	-
Revolving fund	197,430,000	197,430,000
Accumulated surplus	14,724,186	10,251,392
<b>Total funds</b>	<b>212,154,186</b>	<b>207,681,392</b>
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>212,154,186</b>	<b>207,681,392</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**14. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
<b>Total</b>	-	-

**3. Fines, penalties and other levies**

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	-	-

**4. Interest income**

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	5,391,616	4,741,555
Interest income from car loans	830,719	1,492,601
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>6,222,335</b>	<b>6,234,156</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Other income**

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

**6. Fund administration expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6A)	100,000	1,017,000
Loan processing costs	-	-
Committee training expenses	-	3,274,000
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	<b>100,000</b>	<b>4,291,000</b>

**6A. Staff costs**

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages		492,000
Staff gratuity		
Staff training expenses		
Social security contribution		
Committee Sitting Allowances	100,000.00	525,000.00
<b>Total</b>	<b>100,000.00</b>	<b>1,017,000.00</b>

*N/B The total amount under staff costs has been included in note 6 as part of Fund Administration Expenses chiefly because most funds do not have separate employee but rather the cost would relate to allowances drawn in line fund administration.*

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. General expenses**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	628,863
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	14,343	28,023
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses (Daily subsistence allowances)	1,635,200	1,223,600
<b>Total</b>	<b>1,649,543</b>	<b>1,880,486</b>

**8. Finance costs**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Gain/(loss) on disposal of assets**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Cash and cash equivalents**

Description	2020/2021	2019/2020
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
Current account-KCB	39,182,913	12,123,681
Current account-Family bank	190,001	190,001
Others	-	-
<b>Total cash and cash equivalents</b>	<b>39,372,914</b>	<b>12,313,682</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

Financial institution	Account number	2020/2021	2019/2020
		KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank	1182792197	39,182,913	12,123,681
Family Bank	095000038226	190,001	190,001
<b>Sub- total</b>		<b>39,372,914</b>	<b>12,313,682</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>39,372,914</b>	<b>12,313,682</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Receivables from exchange transactions**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable		2,262,135
- Interest receivable - Car loan	600,270	
- Interest receivable - Mortgage	3,212,743	
Current loan repayments due		59,388,133
- Current loan repayments due - Car loan	7,798,238	
- Current loan repayments due - Mortgage	32,766,248	
Other exchange debtors	478,415	-
Transfer to CRF	30,000,000	
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>74,855,915</b>	<b>61,650,268</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	-	143,262,127
- Long term loan repayments due - Car loan	2,698,762	
- Long term loan repayments due - Mortgage	103,733,003	
<b>Total Non- current receivables</b>	<b>106,431,766</b>	<b>143,262,127</b>
<b>Total receivables from exchange transactions</b>	<b>181,287,681</b>	<b>204,912,395</b>

**Additional disclosure on interest receivable**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Interest receivable</b>		
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	-	-
<b>Current loan repayments due</b>		
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	-	-

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Receivables from Non-Exchange transaction**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Transfer to County Executive	-	-
	-	-
<b>Total receivables from non-exchange transactions</b>	<b>-</b>	<b>-</b>

**13. Prepayments**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**14. Inventories**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>-</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, plant and equipment**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 1st July 2019</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 30th June 2020</b>	-	-	-	-	-
<b>At 1st July 2020</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 30th June 2021</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
<b>At 1st July 2020</b>	-	-	-	-	-
<b>Depreciation</b>	-	-	-	-	-
<b>Disposals</b>	-	-	-	-	-
<b>Impairment</b>	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 30th June 2021	-	-	-	-	-

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Intangible assets-software**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

**17. Trade and other payables from exchange transactions**

Description	2020/2021	2019/2020
	KShs	KShs
Excess direct deposit-Felistus Kalungu		12,921
Refundable deposits	6,538,409	7,263,763
Accrued expenses	1,968,000	2,268,000
Other payables	-	-
<b>Total trade and other payables</b>	<b>8,506,409</b>	<b>9,544,684</b>

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Borrowings**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
<b>Current benefit obligation</b>	-	-	-	-
<b>Non-current benefit obligation</b>	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**21. Cash generated from operations**

	2020/2021	2019/2020
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>4,472,792</b>	<b>62,670</b>
<b>Adjusted for:</b>		
Depreciation	0	0
Amortisation	0	0
Gains/ losses on disposal of assets	0	0
Interest income	-	-
Finance cost	0	0
<b>Working Capital adjustments</b>		
Increase in inventory	0	0
Increase in receivables	23,624,715	(10,787,484)
Increase in payables	(1,038,275)	(1,024,079)
<b>Net cash flow from operating activities</b>	<b>27,059,232</b>	<b>(11,748,893)</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. A Changes In Receivable**

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July	204,912,395	194,124,912
Account receivable as at 30th June	181,287,681	204,912,395
<b>Increase/Decrease in Debtors</b>	<b>23,624,715</b>	<b>10,787,483</b>

**21 B Changes In Accounts Payable.**

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> July	9,544,684	10,568,763
Accounts Payable as at 30th June	8,506,409	<b>9,544,684</b>
<b>(Increase)/Decrease in Creditors</b>	<b>-1,038,275</b>	<b>1,024,079</b>

**21. C. Revolving Fund**

<b>REVOLVING FUND</b>	
Revolving Fund Balance b/f - 01.07.2020	197,430,000
Transfer from CRF	72,000,000
	<b>269,430,000</b>
Car Grant settlement	72,000,000
Revolving Fund Balance C/f - 30.06.2021	<b>197,430,000</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**d) Due from related parties**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Court case xxx against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

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**15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S  
RECOMMENDATIONS**

The Kwale County Assembly has not yet received the Audit report for FY 2019-2020 for further deliberations.

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**16. APPENDIX I: ANALYSIS OF CAR LOAN RECEIVABLES**

COUNTY ASSEMBLY OF KWALE							
CAR LOAN LOANS RECOVERIES - July 2020 TO June 2021							
PRINTED 22/9/2021							
Staff Name	Amount	PRINCIPAL LOAN - 2020-2021			Balance C/F (30.06.2021)		
		Balance B/F	Addition in the year	Recoveries	Total	Short term	Long Term
ALFRED RUWA BAVU	2,250,000	917,882	0	917,882	-	-	-
ANDREW MULEI	2,000,000	872,065		872,065	-	-	-
ANTHONY YAMA	2,000,000	377,039		377,039	-	-	-
ANTONY ODINDO	2,000,000	580,865		580,865	-	-	-
BINTIALI HAMADI KIBAMBA	1,250,000	535,841		535,868	(27)	(27)	-
ELIZABETH MWANGOLO RUWA	2,000,000	801,891		801,891	-	-	-
FATUMA MASITO	2,350,000	1,030,955		1,001,658	29,297	29,297	-
HANIFA BADI MWAJIRANI	1,500,000	736,138		736,004	134	134	-
HASSAN YUSSUF MWASIPHO	2,000,000	857,565.45		857,565	-	-	-
JAMES DAWA	4,000,000	1,946,251		1,686,061	260,191	260,191	-
JOSEPH KITUMBO NDEME	2,000,000	607,996		607,996	-	-	-
JOSEPHAT CHIREMA KOMBO	2,000,000	914,786		914,786	-	-	-
JUMA MAONE	1,345,000	1,272,169		0	1,272,169	1,272,169	-
JUMA MASUDI	2,000,000	787,861.40		787,861	-	-	-
MANZA BEJA BENY	2,000,000	801,891		801,891	-	-	-
MARY KALINGA	2,000,000	801,891		801,891	-	-	-
MELDA NYAKITI	1,320,000	561,447.17		561,447	-	-	-
MWANASITI SAID MWADZOGOLO	1,470,000	24,919		24,919	(0)	(0)	-

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**ANALYSIS OF CAR LOAN RECEIVABLES CONTINUED**

MWANDOTO BIJUMA SAPHATI	1,150,000	453,019		453,019	-	-	-
MWAPHATSA MWANAUBA OMARI	2,000,000	787,861		787,861	-	-	-
MWERUPHE NDORO	2,000,000	769,563		769,563	-	-	-
MWINYI BURDAI	2,000,000	864,201.70		864,202	-	-	-
MWINYI KHALFANI MWASERA	2,350,000	1,036,225		1,036,225	-	-	-
NASSORO B. MGUTTA	2,000,000	840,799		840,799	-	-	-
PATRICK MANGALE	2,000,000	787,861		787,861	-	-	-
POKEA BAKARI SIKUKUU	2,000,000	857,565.45		857,565	-	-	-
RAIA MKUNGU	2,000,000	1,058,201		1,058,021	180	180	-
SULEIMAN NZALA	2,000,000	864,202		864,202	-	-	-
SWALEH B. SIMBA	1,345,000	539,279		539,279	-	-	-
TERESIA B MUOKI	1,600,000	138		0	138	138	-
ALI MABAVU	1,200,000	644,654	-	241,823	402,830	254,419	148,411
CHAKA JULIUS NYONDO	450,000	264,556		117,762	146,794	110,096	36,699
DENIS MUTUI	3,500,000	2,642,700		0	2,642,700	2,265,171	377,529
FATUMA KINGI	1,380,000	808,442		276,574	531,868	290,110	241,758
FATUMA MWALUPA	2,200,000	697,973		460,508	237,466	237,466	-
GUZO MWATERO	1,500,000	1,301,027		287,780	1,013,248	328,621	684,627
JANET MWANIA	1,050,000	315,121		315,121	-	-	-
JANET MWANIA	1,000,000	0	1,000,000	77,728	922,272	201,223	721,049
JERUMANI MAKRAA	421,618	421,618		0	421,618	421,618	-
JOHN GENYA KALU	1,500,000	652,412		308,077	344,335	317,848	26,487
KENETH KITANA	900,000	563,356		471,755	91,601	91,601	-
KHAMISI MOHAMMED	1,350,000	394,126		281,851	112,275	112,275	-
LILY UMAZI MKALLA	1,030,000	278,893		256,600	22,293	22,293	-
MERCY NDIRANGU	1,080,000	324,126		226,633	97,493	97,493	-
MWANAKOMBO B. RASHID	1,150,000	520,817		235,129	285,688	244,876	40,813

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**ANALYSIS OF CAR LOAN RECEIVABLES CONTINUED**

PAUL MWALONYA	1,393,000	418,061		292,314	125,747	125,747	-
PHILIP ZIRO	1,800,000	782,770		369,737	413,033	381,261	31,772
SAIDI SAIDI MAGANGA	1,600,000	1,068,125		366,812	701,313	311,695	389,618
SALYA MBOTO	800,000	316,028		315,302	726	726	-
SWALEH B. SIMBA	421,618	421,618		0	421,618	421,618	-
	<b>83,656,236</b>	<b>36,124,795</b>	<b>1,000,000</b>	<b>26,627,795</b>	<b>10,497,000</b>	<b>7,798,238</b>	<b>2,698,762</b>

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**17. APPENDIX II: ANALYSIS OF MORGAGE LOAN RECEIVABLES**

<b>COUNTY ASSEMBLY OF KWALE MORTGAGE LOANS RECOVERIES - July 2020 TO June 2021</b>								
<b>Staff Name</b>	<b>Amount</b>	<b>PRINCIPAL LOAN - 2020-2021</b>					<b>Short term due in 12 months</b>	<b>Long term due after 12 months</b>
		<b>Balance B/F</b>	<b>Addition in the year</b>	<b>Loan in the year</b>	<b>Recoveries</b>	<b>Balance C/F</b>		
ALFRED RUWA BAVU	2,100,000.00	1,187,837		1,187,837	739,621	448,217	448,217	0
ALI MASEMO	7,000,000.00	6,779,605		6,779,605	0	6,779,605	389,260	6,390,345
ALI MNGUMI PILANI	4,100,000.00	4,100,000		4,100,000	42,070	4,057,930	208,992	3,848,938
ANDREW MULEI	3,000,000.00	1,428,755		1,428,755	734,810	693,945	693,945	0
ANTHONY YAMA	3,000,000.00	1,653,197		1,653,197	825,939	827,258	827,258	0
ANTONY ODINDO	2,500,000.00	1,497,139		1,497,139	768,742	728,398	728,398	0
BINTIALI HAMADI KIBAMBA	3,400,000.00	1,510,720		1,510,720	970,704	540,016	540,016	0
CELLINE LUSWETI	5,000,000.00	2,633,481		2,633,481	1,143,696	1,489,785	1,191,828	297,957
DANIEL MBINDA	6,889,852.87	6,889,853		6,889,853	185,233	6,704,620	364,052	6,340,569
DICKSON MANGALE	5,500,000.00	5,500,000		5,500,000	102,204	5,397,796	286,609	5,111,188
ELIAS MATANGA	5,093,095.05	5,086,026		5,086,026	119,536	4,966,490	262,546	4,703,944
ELIZABETH MWANGOLO RUWA	3,000,000.00	1,605,304		1,605,304	830,425	774,879	774,879	0
FATUMA MASITO	2,650,000.00	1,273,583		1,273,583	691,828	581,755	581,755	0
FELISTUS KALUNGU	1,500,000.00	1,500,000	3,840,350	5,340,350	176,269	5,164,081	418,709	4,745,371
GUZO MWATERO	5,500,000.00	5,435,612	-	5,435,612	282,398	5,153,215	379,378	4,773,837
HAMIS MOHAMED OMAR	3,500,000.00	2,070,710		2,070,710	1,266,448	804,262	804,262	0
HANIFA BADI MWAJIRANI	3,000,000.00	1,458,574		1,458,574	787,365	671,209	671,209	0
HAPPY SAMINI	3,200,000.00	4,200,000		4,200,000	486,774	3,713,226	198,923	3,514,303

**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

<b>ANALYSIS OF MORGAGE LOAN RECEIVABLES (CONTINUED)</b>									
HASSAN YUSSUF MWASIPHO	3,000,000.00	1,449,755			1,449,755	782,959	666,796	666,796	0
JOHN NANGINYI	5,700,000.00	5,636,870		-	5,636,870	219,774	5,417,096	306,628	5,110,468
JOSEPH KITUMBO NDEME	3,000,000.00	1,517,890			1,517,890	781,981	735,910	735,910	0
JOSEPH R. ZECHA	4,000,000.00	3,711,286			3,711,286	150,976	3,560,310	209,430	3,350,880
JOSEPH TSUMA DANDA	5,000,000.00	2,429,530			2,429,530	1,971,891	457,639	457,639	0
JOSEPHAT CHIREMA KOMBO	2,125,325.76	2,073,224		-	2,073,224	1,288,982	784,242	784,242	0
JUMA MAONE	3,000,000.00	3,000,000			3,000,000	0	3,000,000	3,000,000	0
JUMA MASUDI	3,000,000.00	1,274,037			1,274,037	688,672	585,365	585,365	0
LUCY WAWERU	6,500,000.00	5,881,014			5,881,014	254,327	5,626,687	335,922	5,290,765
MARIAM MARUMU	2,800,000.00	2,800,000	2,700,000		5,500,000	144,333	5,355,667	281,877	5,073,790
MARY KALINGA	3,000,000.00	1,332,989			1,332,989	750,891	582,098	582,098	0
MISHI MAYUMBE	3,000,000.00	1,291,690			1,291,690	752,147	539,543	539,543	0
MWAKARIBU H. MWAKARIBU	5,000,000.00	2,898,057			2,898,057	1,197,775	1,700,283	1,360,226	340,057
MWANASITI SAID MWADZOGOLO	3,000,000.00	1,394,554			1,394,554	752,085	642,469	642,469	0
MWANDOTO BIJUMA SAPHATI	3,000,000.00	1,421,700			1,421,700	766,701	654,999	654,999	0
MWAPHATSA MWANAUBA OMARI	3,000,000.00	1,421,700			1,421,700	766,695	655,006	655,006	0
MWAZANI MKULU	5,939,940.00	5,939,940			5,939,940	19,064	5,920,876	422,920	5,497,956
MWERUPHE NDORO	3,000,000.00	1,456,687			1,456,687	758,797	697,890	697,890	0
MWINYI KHALFANI MWASERA	2,650,000.00	1,287,651			1,287,651	695,831	591,821	591,821	0
NASSORO B. MGUTTA	1,500,000.00	824,268			824,268	402,539	421,729	421,729	0
OMAR KITENGELE	2,000,000.00	1,131,274			1,131,274	610,143	521,131	521,131	0
OMARI GAMBERE	3,600,000.00	3,600,000			3,600,000	0	3,600,000	194,595	3,405,405
PHILIP ZIRO	2,400,000.00	2,062,223			2,062,223	208,245	1,853,978	247,197	1,606,781
POKEA BAKARI SIKUKUU	3,000,000.00	1,449,755			1,449,755	784,694	665,061	665,061	0

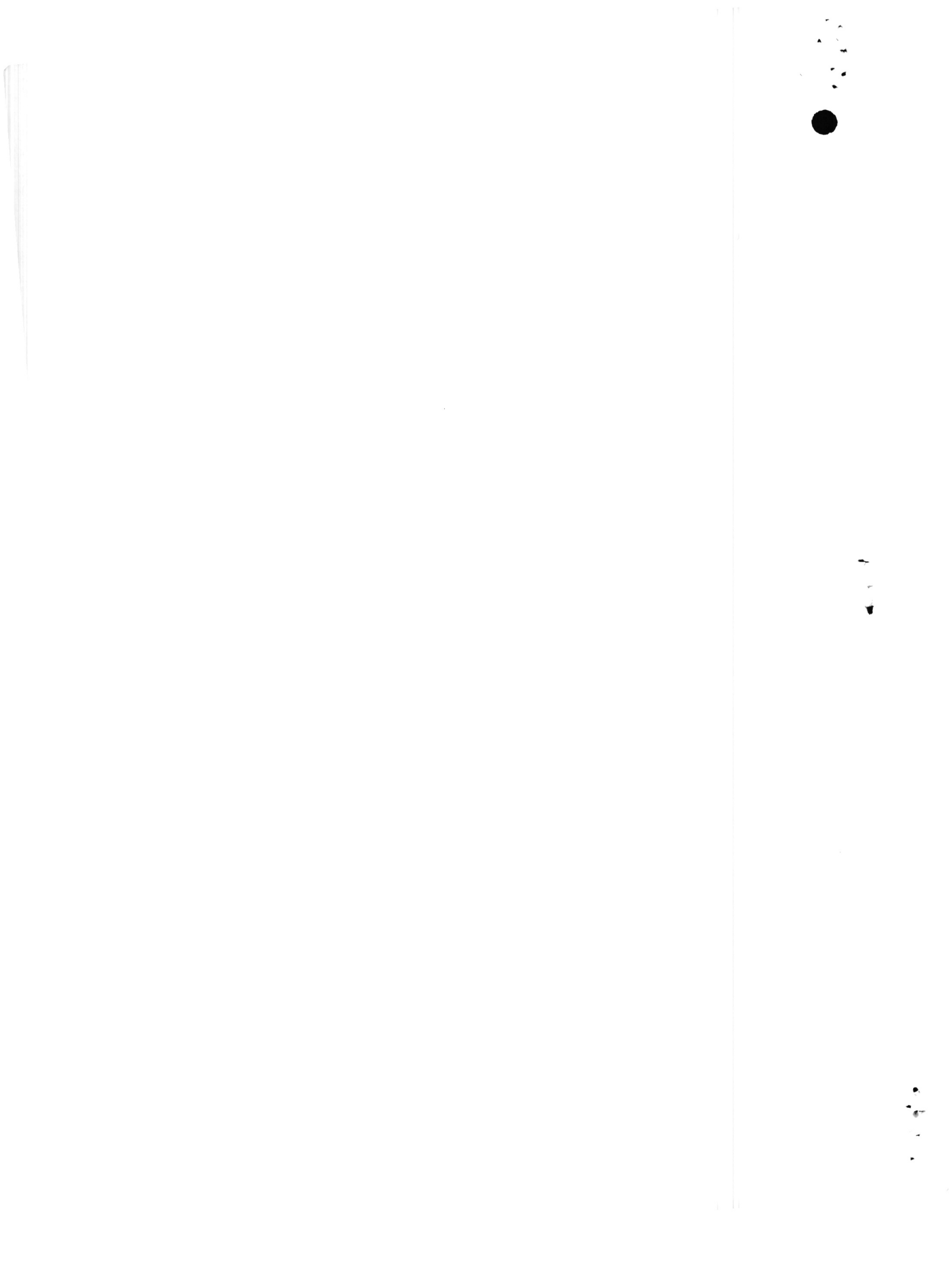
**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

<b>ANALYSIS OF MORGAGE LOAN RECEIVABLES (CONTINUED)</b>								
RAIA MKUNGU	3,000,000.00	1,746,200		1,746,200	895,304	850,896	850,896	0
SAID M. NZAO	8,239,699.35	8,221,865		8,221,865	250,518	7,971,347	421,393	7,549,954
SAIDI SAIDI MAGANGA	14,100,000.00	14,033,753		14,033,753	333,753	13,700,000	2,786,441	10,913,559
SAMMY RUWA	12,000,000.00	5,232,391		5,232,391	5,232,390	0	0	0
SAWA HAMISI NGALAA	5,500,000.00	5,330,256		5,330,256	448,274	4,881,982	327,284	4,554,698
SULEIMAN NZALA	3,000,000.00	1,307,129		1,307,129	740,412	566,718	566,718	0
SWALEH B. SIMBA	3,000,000.00	1,442,399		1,442,399	769,903	672,496	672,496	0
TERESIA B MUOKI	3,400,000.00	1,620,152		1,620,152	1,004,734	615,418	615,418	0
WILLIAM MJAPE	12,500,000.00	12,026,695		12,026,695	0	12,026,695	714,457	11,312,238
YUSSUF HASSAN MBWANA	5,000,000.00	2,468,132		2,468,132	1,987,712	480,420	480,420	0
	<b>268,183,016.60</b>	<b>166,525,464</b>	<b>6,540,350</b>	<b>173,065,814</b>	<b>36,566,563</b>	<b>136,499,252</b>	<b>32,766,248.34</b>	<b>103,733,003.20</b>

Kwale County Assembly Members and staff Loan scheme Fund  
 Reports and Financial Statements  
 For the year ended June 30, 2021.

18. APPENDIX III: ANALYSIS OF SCHEDULE OF RETENTION

KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME FUND					
SCHEDULE OF RETENTION MONIES - 2020 - 2021					
Name of Beneficiary	Retention B/F (01.07.2020)	Addition in the year	Total	Retention Paid in the year	Retention C/F(30.06.2021)
Joseph Danda	(40)		(40)	-	(40.00)
Sammy Ruwa	350,000		350,000	-	-
Jackson Ndoro	200,003		200,003	350,000	200,003.00
Juma Masudi	200,000		200,000	-	200,000.00
Yusuf Mbwana	450,000		450,000	-	-
Juma Maone	200,000		200,000	450,000	200,000.00
Suleiman Nzalla	200,000		200,000	-	-
Anthony Yama	200,000		200,000	-	200,000.00
Andrew Mulei	200,000		200,000	-	200,000.00
Swaleh Simba	200,000		200,000	-	200,000.00
Teresia Muoki	100,000		100,000	-	200,000.00
Mishi Mayumbe	400,000		400,000	-	100,000.00
Mwanasiti Mwadzogolo	200,000		200,000	-	400,000.00
Lucy Waweru	200,000		200,000	-	200,000.00
Mwinyi Mwasera	235,000		235,000	200,000	-
Sikukuu Pokea	200,000		200,000	-	235,000.00
Hanifa Badi	382,000		382,000	-	200,000.00
Mwanauba Mwaphatsa	382,000		382,000	125,354	74,646.00
Bijuma Mwandoto	200,000		200,000	-	382,000.00
Joseph Kitumbe	200,000		200,000	-	382,000.00
Philip Ziro	113,800		113,800	-	200,000.00
Joseph Zecha	400,000		400,000	-	200,000.00
Nassoro Mguta	100,000		100,000	-	113,800.00
Elizabeth Mwangolo	200,000		200,000	-	400,000.00
Alfred Bavu	200,000		200,000	-	100,000.00
Mwazani Mkulu	(150,000)		(150,000)	-	200,000.00
					(150,000.00)



**Kwale County Assembly Members and staff Loan scheme Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**ANALYSIS OF SCHEDULE OF RETENTION CONTINUED**

Saidi Maganga	280,000		280,000	-	280,000.00
Chirema Kombo	200,000		200,000	-	200,000.00
Happy Samini	200,000		200,000	-	200,000.00
Daniel Mbinda	200,000		200,000	-	200,000.00
Dickson Nyundo	200,000		200,000	-	200,000.00
Sawa Ngalaa	450,000		450,000	-	450,000.00
John Nanginyi	171,000		171,000	-	171,000.00
Felistus Kalungu	-	200,000	200,000	-	200,000.00
Mariamamu Marumu	-	200,000	200,000	-	200,000.00
	<b>7,263,763</b>	<b>400,000</b>	<b>7,663,763</b>	<b>1,125,354</b>	<b>6,538,409.00</b>

