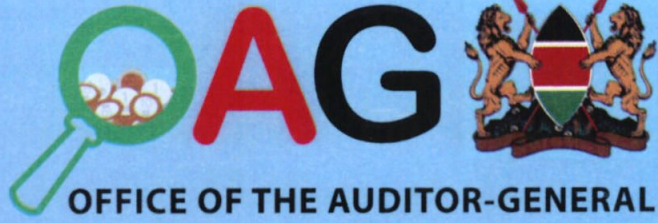


REPUBLIC OF KENYA



*Enhancing Accountability*



REPORT

PAPERS LAID	
DATE	5/3/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Angela

OF

THE AUDITOR-GENERAL

ON

**VIHIGA COUNTY ASSEMBLY  
MEMBERS AND STAFF MORTGAGE  
AND CAR LOANS SCHEME FUND**

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024

VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE  
AND CAR LOANS SCHEME FUND



Printed and Published by the Auditor General  
at Nairobi, Kenya on 15th June 2024

11





**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Table of Contents**

1	Acronyms and Glossary of Terms	ii
2	Key Entity Information and Management	iii
3	Board of Trustees Fund Administration Committee	vi
4	Management Team	vii
6	Report of The Fund Administrator	ix
7	Statement of Performance Against the County Fund's Predetermined Objectives	xi
8	Corporate Governance Statement	xii
9	Management Discussion and Analysis	xiv
10	Environmental and Sustainability Reporting	xv
11	Report of The Trustees	xvi
12	Statement of Management's Responsibilities	xvii
13	Report of The Independent Auditor on the Financial Statements for (xxx) Fund/ Board' Scheme	xviii
14	Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2024	1
15	Statement of Financial Position As at 30 June 2024	2
16	Statement of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2024	4
17	Statement of Cash Flows for The Year Ended 30 June 2024	5
18	Statement Of Comparison Of Budget And Actual Amounts For The Period 2024	6
19	Notes to the Financial Statements	7
20	Annexes	28

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility  
*Provide a list of Acronyms and Key terms used in the financial report as per above example  
The list to be exhaustive)*

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**2. Key Entity Information and Management**

**a) Background information**

VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND is established by and derives its authority and accountability from the salaries and remuneration commission (SRC). A circular number SRC/TS/WH/3/14 of 14<sup>th</sup> February 2014 and the VIHIGA COUNTY ASSEMBLY MEMBERS (CAR LOAN SCHEME FUND) REGULATIONS 2014 and 2015 on 11<sup>th</sup> July 2014 and 19<sup>th</sup> January 2016. The fund is wholly owned by the County Government of Vihiga and is domiciled in Kenya.

The fund's objective is to provide funds for the mortgage and the car loan schemes to enable the members and staff of the assembly to: a) purchase, develop, renovate or repair their residential property and b) purchase vehicles for personal use.

The Fund's principal activity is to provide car loans and mortgage facilities to members of county assembly and staff. The fund was initiated in 2014 with a capital of ksh.200 million. However, as a result of giving out car grants worth ksh.80 million to MCAs, the funds capital stands at ksh.120 million.

**b) Principal Activities**

The principal activity/mission/mandate of the Fund is to provide car loans and mortgage facilities to members of the county assembly and staff.

*(Under this section you may include the fund's vision, mission and core objectives)*

**c) Fund Administration Committee**

Sl. No.	Name	Position
1	Hon Karega Mboku	Chairman
2	Hon Ambaka Kilinga	Fund Manager/Administrator
3	Hon Pauline Amwata	Member
4	Hon Fredrick Mavisi	Member
5	Hon Whimsy Osore	Member
6	Hon Gerude Lumire	Member
7	Hon Patrick Akhwale	Member

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**d) Key Management team**

Ref	Name	Position
1	Ambaka kilinga	Fund manager/administrator
2	Oscar Miyinzi Jagona	Director Financial and Planning
3	Abigael Nyandoya	Director Human Resources
4	Francis Rakewa	Principal Legal Counsel
5	Stephen Masambu	Fund Accountant
6	Michael Oloo	Payroll Manager

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Cpa Peter Edemba
2	Public Accounts Committee	Cpa Nebert Avutswa

**f) Registered Offices**

P.O. Box 90 50300  
Clerks chambers  
Majengo-Luanda Road/Highway  
Nairobi, KENYA

**g) Fund Contacts**

Telephone: (254) 020 2094140  
E-mail: [vihigaassembly@gmail.com](mailto:vihigaassembly@gmail.com)

Website: [www.vihigacountyassembly.go.ke](http://www.vihigacountyassembly.go.ke)

**h) Fund Bankers**

1. Cooperative Bank of Kenya  
Mbale Branch  
P.O. Box 816 50300  
Maragoli, Kenya

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

**k) County Attorney**

*Vihiga County Headquarters*

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**3. Fund Administration Committee**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. Joab Ambaka Kilinga	Born in 1962 Bachelor of Education in Economic & Business Studies from Kenyatta University. Executive Master's degree in Education, Leadership and Policy Management from Moi University. Certificate in Strategic Leadership from KSG Having served in public sectors in more than a decade, he has a wealth of experience in transformative leadership and management best practices.
2. Hon. Manoah Mboku	Born in 1971 Elected Member of County Assembly
3. Hon. Pauline Amwata	Born in 1961 Elected Member of County Assembly
4. Francis Rakewa	Born in 1984 Post graduate Diploma Experience of over 12 years
5. Oscar Jagona Miyinzi	Born in 1978 Masters of Business Administration (2014) Bachelor of Commerce Certified Public Accountant Experience of over 20 years.

**VHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS**

**SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

**4. Management Team**

Name	Details of qualifications and experience
------	--

1	Ambaka Kilinga Clerk Born in 1962 Bachelor of Education in Economic & Business Studies from Kenyatta University Executive Master's degree in Education, Leadership and Policy Management from Moi University. (certificate in Strategic Leadership from KSG) Having served in public sectors in more than a decade, he has a wealth of experience in transformative leadership and management best practices.
---	---

2	Miyinzi (Oscar) Jagona Director of Finance and Planning. Born in 1978 Masters of Business Administration (2014) Bachelor of Commerce (certified Public Accountant Experience of over 20 years.
---	--

3	Abigail Nyandoya Director of Human Resource Born in 1977 Masters of Business Administration (2016) (certified Human Resource Professional Experience of over 18 years
---	--

4	Francis Rakewa Principal Legal Counsel Born in 1984 Post graduate Diploma Experience of over 12 years
---	---

5	Stephen Masambu Accountant Born in 1970 Bachelor of Commerce (certified Public Accountant (certified Investment and Financial Analyst (CIFA)
---	--

*Note: The Fund Administrator will feature under both the Board and Management*

**VITHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**5. Board/Fund Chairperson's Report**

It's my pleasure to present on behalf of the County Assembly Service Board, the Car Loan and Mortgage Fund financial statements for the year ended 30<sup>th</sup> June 2024. The financial statement presents the financial performance of the fund over the past year.

• *Review of the Fund's performance*

*The income from interest amounted to Ksh 4,873,620 representing 120% of the budgeted amount of Ksh 4,000,000. There is no other income other than interest income.*

*During the period a total of Ksh 132,300,000 was disbursed as new and additional loans.*

*The total expenditure during the period amounted to Ksh 3,355 all of which were bank charges.*

*There were also allowances paid to the committee amounting to Ksh 2,774,000 during the period.*

• *Future outlook of the Fund*

*The outlook of the fund for the FY 2024/25 looks promising. Further recoveries were made from the MCAS. The outstanding balance from the FY 2022/23 of Ksh 55,118,081 has been refunded by the County Assembly. An additional Ksh 24,881,919 was added to the capital raising it from Ksh 120M to Ksh 144M. The fund looks forward to the continued support from the County Government and development partners to the realization of its mandate.*

I take this opportunity to express my sincere gratitude and appreciation to the County Government, stakeholders, management and staff for their continued support which made us achieve these results.

I look forward to your continued support in the year 2024/2025.

Name 

Signature *Mwanah C. Mboke*

Date *26/9/24*

Chairperson of the Fund

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**6. Report of The Fund Administrator**

It is my pleasure to present the Vihiga County Assembly Member and Staff Mortgage and Car Loan Scheme Fund's financial statements for the year ended 30<sup>th</sup> June 2024. The financial statements present the financial performance of the fund over the past year.

The Fund was established on 1<sup>st</sup> May 2014 and started with an initial amount of Ksh. 200 million since then a total of 161 loan beneficiaries have made borrowings amounting to Ksh. 533 million.

Financial performance

a) Revenue

In the year ended 30<sup>th</sup> June 2024, the fund projected revenues of Ksh. 4,000,000. Out of the projected revenue the fund was able to realize Ksh. 4,783,620 in actual revenues representing 119% performance, an improvement from the previous of 73% by 46%.

In the table below, we present an analysis of the revenue performance during the year

Revenue Classification	Revenue Budget (Kshs)	Actual (Kshs)	Realisation (%)
Revenue	Kshs	Kshs	Kshs.
Interest Income	4,000,000	4,783,620	120
Total Income	4,000,000	4,783,620	120

b) Loans

During the financial year 2023-2024, the fund disbursed new loans plus top ups totalling to Kshs. 132,300,000.

c) Cash Flows

In this FY2023-24, we have managed to refund the balance of Kshs. 55,118,081 and the number of beneficiaries increased to 161. The cash and cash equivalent increased from Kshs. 444,249 to Kshs. 5,803,922 as at 30<sup>th</sup> June 2024. However due to the delays from treasury disbursements, payroll deductions for the car loan and mortgage for June 2024 had not been received which resulted to our debtors.

d) Conclusion

In the financial year 2023-24, Ksh. 55,118,081 was paid by the County Assembly through the imprest account which has cleared that outstanding borrowings.

***VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND***

**Annual Report and Financial Statements for the year ended June 30, 2024**

In this FY 2023/24, the amount owed Ksh 55,118,081 has been fully paid and an additional Ksh 24,881,919 appropriated to the Car Loan and Mortgage account to boost its capital to Ksh 144,881,919.

I take this opportunity to thank the board of management for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Vihiga County Assembly Car Loans and Mortgage Fund achieve its mission.

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

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

The Fund's capital that had been reduced by Ksh 80 Million, was enhanced by Ksh 24,881,919 to bring the new revolving fund to Ksh 144,881,919. This financial year has witnessed the highest amount of loans being issued at Ksh 132,300,000.

**Introduction**

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

The key development objectives of the Vihiga County Assembly Car Loans and Mortgage Fund for the year are to:

- a) *Provide quality mortgage facilities for members of the county assembly and staff*
- b) *Provide car loans to enable members and staff purchase their own personal vehicles for easy mobility within the county and outside*

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied. All but 1 mca had benefitted from this facility by close of the year	% 97 36 out of 37 mcas	During FY 2024 Members of County assembly accessed the facility and were able to build their own houses and purchase vehicles

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**8. Corporate Governance Statement**

The Vihiga County Assembly Car Loan and Mortgage Scheme are a revolving fund established pursuant to the salaries and remuneration commission (SRC) circular number SRC/IS/WII/3/14 of 14<sup>th</sup> February 2014. Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to staff members. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with board management its apex. The operations of the fund are governed by the Vihiga County Assembly Car Loan regulations 2015. The structure is designed to ensure an informed decision-making process based on accurate reporting to the committee.

The regulations 2015 provides that the committee members shall be made up five trustees, including the chairman and shall consist of a chairman and six other members identified for appointment through a competitive process. The board of management is responsible for the Long-term strategic direction of the fund and recruitment of the fund administrator and senior management. The board of management exercises leadership, enterprise, integrity and judgment in directing the fund.

The management is provided with full, appropriate and timely information that enable them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day to day running of the operations of the fund is delegated to the fund administrator but the board of management is responsible for establishing and maintaining the funds system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate service.

All members of the fund management committee have been taken through a comprehensive induction program and are adequately trained on their roles as board members. The members are professional, committed and guided by the mission, vision and core values of committees. Individual members and the fund administrator are evaluated by an independent body against targets agreed at the beginning of the year.

**Fund management committee meetings**

The committee meets monthly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets and to approve loans by members and staff. The committee also pays an oversight role over all financial operation issues. The members held 10 full board and two special board meetings during the FY2023-2024.

**Audit and risk committee**

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the county assembly service board has established an audit and risk committee. The committee was established to advice the board on institutional risk management and compliance. The members of this committee during the year under review were:

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

S/NO	NAME	POSITION IN COMMITTEE	PERIOD SERVED
1	Mr. Nerbert Avutswa	Chairman	5 years
2	Ms. Lucy Anangwe	Member	5 years
3	Ms. Harnet Mahasi	Member	5 years
4	Ms. Linet Mugalitsi	Secretariat	5 years
5	Ms. Brenda Ajema	Secretariat	5 years

**STATEMENT OF COMPLIANCE**

The board confirms that the fund has throughout the FY2022/2023 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with principles of good corporate governance.

**Internal Control and Risk Management**

**Internal Control**

The board is responsible for reviewing the effectiveness of the fund systems of internal control which is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against unauthorized use or disposition and maintenance of proper accounting records and reliability of financial information used within a business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Standing instructions**

The fund has a code of ethics and services charter that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

**Organizational structure**

A clear organization structure exists detailing lines of authority and control responsibilities. The professionalism and competence of the staff is maintained through both rigorous and recruitment policies and performance appraisal system which establishes, targets and reinforces accountability and awareness of controls. It identifies appropriate training requirements, training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfill their responsibilities and that the fund can meet its future management requirements.

**Strategic plan**

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund and the annual targets to meet to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on annual basis approves the work supported by the financial plan for the year. Progress against the plan is monitored on quarterly basis.

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**9. Management Discussion and Analysis**

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

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 program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The fund does not hedge any risks and has in place policies to ensure credit is only extended to staff within an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

**BUSINESS PERFORMANCE**

**Revenue**

The fund earned revenues amounting to KShs. 4,873,620 from interest on loans.

**Cash flow**

The cash and cash equivalents increased from KShs.444,249 as at 30 June 2023 to KShs. 5,803,922 as at 30 June 2024. There was a significant cash outflow at a total of 132.3 million disbursed as loans.

**OPERATIONAL PERFORMANCE**

The fund's core operating activity has been the offering car loans and mortgage to members of county assembly (MCA's) and staff. The county assembly has supported the fund and an increased collection from members of staff has also added to the fund's better performance.

**Conclusion**

We appreciate the unrelenting support from the board of management, staff, the county government, National Treasury and all the key stakeholders. We look forward to the continued partnership and cooperation in areas of mutual interest in the FY 2024/2025

*VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND*

Annual Report and Financial Statements for the year ended June 30, 2024

**10. Environmental and Sustainability Reporting**

The Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund has no policy on Environmental Sustainability.

**VHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS**

**SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**11. Report of The Trustees**

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

**Principal activities**

The principal activities of the Fund continue to be a) purchase, develop, renovate or repair residential property and b) purchase motor vehicles for personal use for both members of county assembly and staff.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 2 & 3.

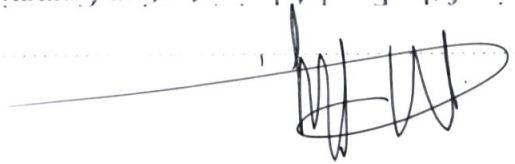
**Trustees**

The members of the Board of Management who served during the year are shown on page iv. There were no changes in the Board during the financial year.

**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. OR Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Vhiga County Assembly for the year period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Chair of the Fund Administration Committee

Date: 26.09.24

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**12. 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 Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

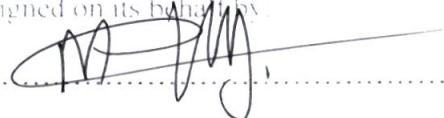
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on \_\_\_\_\_ 26/09/2024 and signed on its behalf by:

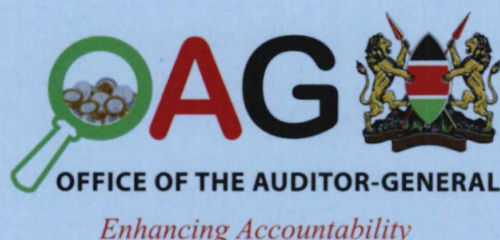


\_\_\_\_\_

**Administrator of the Vihiga County Assembly Members and Staff Mortgage and Car Loan Scheme Fund**

# 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 VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

## REPORT ON THE FINANCIAL STATEMENTS

### Adverse Opinion

I have audited the accompanying financial statements of Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund as at 30 June, 2024 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 do not comply with the Public Finance Management (Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 and the Public Finance Management Act, 2012.

### Basis for Adverse Opinion

#### 1. Unsupported Revenue from Exchange Transactions

The statement of financial performance reflects an amount of Kshs.29,665,539 resulting from interest income of Kshs.4,783,620 and other income of Kshs.24,881,919. However, the following unsatisfactory matters were observed:

##### 1.1. Unsupported Interest Income

The statement of financial performance reflects an interest income of Kshs.4,783,620, which, as disclosed in Note 1 to the financial statements relates to income from mortgage loans. However, this amount was not supported with verifiable loan amortization schedule showing how the interest was earned.

##### 1.2. Other Income

The statement of financial performance reflects an amount of Kshs.24,881,919 relating to other income. The amount is described in the statement of cash flows as receipts from other operating activities, which is further disclosed in Note 8 to the financial statements as events after the reporting period. However, no workings were provided to show how the amounts were arrived at or the nature of the adjusting entries after year end.

In the circumstances, the completeness and accuracy of the total revenue amount of Kshs.29,665,539 could not be confirmed.

## **2. Unsupported Rates paid to Fund Management Committee**

The statement of financial performance reflects an amount of Kshs.2,774,000 relating to general expenses. The amount relates to fund administration expenses, being allowances to the Car Loan and Mortgage Fund Committee for approval of loans. Review of the payment vouchers indicated that each member was paid for fifty-five (55) sittings instead of the sixteen (16) sittings provided by The Kenya Gazette VOL.CXXIV-No.145 dated 27 July, 2022. Additionally, the minutes attached to support the sittings had fewer payments than those made for sittings. Additionally, the fund had only one Fund Management Committee and lacked the Members of County Assembly sub-committee and Members of Staff sub-committee in contravention with the fund's regulations.

In the circumstances, the accuracy and completeness of Kshs.2,774,000 paid as allowances to the committee members could not be confirmed.

## **3. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects an amount of Kshs.69,985,009 relating to current portion of long-term loan and an amount of Kshs.111,679,203 relating to long term portion of the long-term loan, all totaling to Kshs.181,664,212, which is an increase from last year's current portion of the loan of Kshs.39,946,099 and Kshs.71,110,541 for long term amount, which totaled Kshs.111,056,640. The additional loan amount of Kshs.70,607,572 from the previous year's amount was not supported with any documentary evidence. It is therefore not clear how it was arrived at.

In the circumstances, the completeness and accuracy of the current and non-current receivables could not be confirmed.

## **4. Unsupported Current Portion of Borrowings**

The statement of financial position reflects current portion of borrowings of Kshs.1,127,411 as disclosed in Note 6 to the financial statements which is a decrease of Kshs.5,856,243 from the prior year amount of Kshs.6,983,654. Fund management attributed the decrease to loans disbursed to the members who had made prepayments in their loan accounts. Scrutiny of the receivable's ledgers indicated an amount of Kshs.99,500,000 as loans disbursed in the year. However, these balances were not reflected in the financial statements.

Review of the IPPD car loan and mortgage deductions from July, 2023 to June, 2024 showed that one officer had a monthly deduction of Kshs.93,950.95. The officer's loan balance decreased from Kshs.4,426,134.62 in July 2023 to Kshs.3,392,674.17 in June, 2024 reflecting a total decrease of Kshs.1,127,411 which is the total summation of the monthly deduction made, its therefore unclear why this amount is being reported as

borrowings (prepayments) by the Fund, yet the IPPD records indicates that the officer had an outstanding loan balance.

In the circumstances, the occurrence, accuracy and completeness of the current portion of the borrowings could not be confirmed.

#### **5. Inaccurate Opening Net Assets Balances**

The statement of financial position reflects comparative net assets balance of Kshs.159,964,488 instead of 159,898,632 resulting in an unreconciled variance of Kshs.65,856.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

#### **6. Unsupported Entries in the Cash Flows Statement**

The statement of cash flows reflects net cash amount of Kshs.5,803,923, while the statement of financial position reflects an amount of Kshs.5,803,922. Review of the statement of cash flows revealed the following unsatisfactory matters:

- (i) The statement of cash flows for the period reflects loan disbursements paid out in the year under review of Kshs.132,300,000, while ledgers reflected an amount of Kshs.99,500,000 resulting to unreconciled variance of Kshs.32,800,000.
- (ii) The loan repayment of Kshs.55,118,081 was not supported with documentary evidence. It is not clear how it was arrived at. In addition, proceeds from loan principal of Kshs.54,525,998 was also not supported with any documentary evidence.

In the circumstances, the cash and cash equivalent amount of Kshs.5,803,923 could not be confirmed.

#### **7. Long Outstanding Loan Balances**

The current portion of long-term receivables from exchange transactions balance of Kshs.69,985,000.00 and as disclosed in Note 4 to the financial statements includes long overdue debts totalling to Kshs.1,439,049.58 owed by two (2) MCAs in the first assembly from year 2014 to 2017 which were not repaid by the end of the assembly's term in August, 2017. The two (2) MCAs are indicated in the schedules supporting the financial statements to hold balances totalling to Kshs.1,439,049.58 although the ledger accounts for the defaulters were not maintained. Additionally, the two (2) have made no effort to repay their loans in the year under review.

In the circumstances, the accuracy and recoverability of the current portion of long receivables from exchange transactions of Kshs.69,985,000 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts indicates a budget on revenue on interest income of Kshs.4,000,000 and an actual revenue of Kshs.4,783,620 resulting to a variance of Kshs.783,620. In addition, the fund budgeted to spend Kshs.1,338,333 during the year but spent Kshs.2,777,355 resulting to a variance of Kshs.1,439,022 for the year under review. It was also noted that the fund did not have an approved budget for the year under review.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

The Management is responsible for the other information set out on page ii to xxii which comprise of Key Entity Information and Management, Management Team, The Chairman's Report, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, Statement of Management's Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required

to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Failure to Charge Properties Financed through Loans

The statement of cash flows for the period reflects loan disbursements paid out in the year under review of Kshs.132,300,000. This information is also corroborated by the Fund's Chairman Report. The was disbursed to forty-one (41) beneficiaries. However, only four titles deeds were provided for audit review. It was also noted that some title deeds were still in the name of the property sellers and although in the custody of the management, the title deeds were not registered in joint ownership by the County Assembly Service Board and the beneficiaries contrary to Regulation 20(1) of the Public Finance Management (Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 which provides that the Board shall have a charge registered on property financed through a loan granted under these regulations and shall be entitled to have its name entered in all documents of title for that property.

In the circumstances, Management was in breach of the law. Additionally, this means that the fund administration is holding securities against which the loans were taken but these have not been valued, charged or jointly registered, thus not legally binding. This therefore means that the securities cannot be repossessed or claimed against non-performing loans.

#### 2. Lack of Mortgage Protection and Fire Policy

Review carried out on the car and mortgage loan repayment schedule revealed receivables of Kshs.181,664,211 as at 30 June, 2024. However, the management had not arranged for the mortgage protection and fire policy insurance cover in the year under review, contrary to Regulation 21(1) of the Public Finance Management (Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 which provides that a borrower shall take out and maintain a mortgage protection and fire policy with an insurance firm approved by the Board.

In the circumstances, Management was in breach of the law. In addition, in the event that a mortgage holder passes on or the mortgaged property was destroyed by fire, it may be difficult for the Fund to recover anything.

### **3. Unsupported Rates paid to Fund Management Committee**

The statement of comparison of budget and actual amounts reflects a final budget allocation for fund administration expenses of Kshs.1,333,333 while the actual on comparable basis of Kshs.2,774,000. This shows that the car loan and mortgage fund spent Kshs.1,440,667 without a budget. Further, the amount of Kshs.2,774,000 relates to payment of allowances to the Car Loan and Mortgage Fund committee for approval of loans. Review of the payment vouchers indicated that each member was paid for fifty-five (55) sittings instead of sixteen (16) sittings provided by The Kenya Gazette VOL.CXXIV-No.145 dated 27 July, 2022. Additionally, the minutes attached to support the sittings had fewer payments than those made for sittings. Additionally, the fund had only one Fund Management Committee and lacked the Members of County Assembly sub-committee and Members of Staff sub-committee in contravention with the fund's regulations.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Incomplete Entries in the Individual Ledger Accounts**

Reflected in the statement of financial position and as disclosed in Note 4 to the financial statements is Kshs.11,679,203 relating to long term receivables from exchange transactions. However, review of the individual debtor's ledger accounts for car loan and mortgage loans revealed that the type of loan was not indicated for all beneficiaries.

Further, there was no indication of review of the ledgers by an appointed or authorised reviewer. Additionally, the ledgers did not have index and folios for ease of tracing the individual ledger accounts of the beneficiaries as recorded and the fund maintained manual accounts for all the beneficiaries which is prone to errors and manipulations.

## **2. Ineffective Internal Audit Unit**

During the year under review, it was noted that there was no internal audit review of the Fund's activities contrary to Section 73(3)(b) of the Public Finance Management Act, 2012 which require that the Internal Auditor shall conduct internal auditing which includes risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the entity.

## **3. Non- Implementation of Recommendations of Oversight Bodies**

During the year under review the management did not provide reports on implementation of the recommendations of Legislative Oversight Committees. Additionally, Annex 1 to the financial statement does not include the progress on follow up of prior year audit recommendations.

In the circumstances, the effectiveness in implementation of the recommendations of Legislative Oversight bodies 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

Nairobi

16 December, 2024


**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

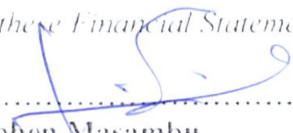
Annual Report and Financial Statements for the year ended June 30, 2024

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from Exchange Transactions</b>			
Interest Income	1	4,783,620	2,936,546
Other Income		24,881,919	
<b>Total Revenue</b>		<b>29,665,539</b>	<b>2,936,546</b>
<b>Expenses</b>			
General Expenses	2	2,774,000	-
Bank charges	2	3,355	2,400
Finance Costs		-	-
<b>Total Expenses</b>		<b>2,777,355</b>	<b>2,400</b>
<b>Surplus/(Deficit) for the Period</b>		<b>26,888,184</b>	<b>2,934,146</b>

*(The notes set out on pages 18 to 29 form an integral part of these Financial Statements)*

  
 Name: Ambaka Kiliga  
 Administrator of the Fund

  
 Name: Stephen Masambu  
 Fund Accountant  
 ICPAK Member Number: 10533

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position As at 30 June 2024**

Description	Note	2023-2024 Kshs	2022-2023 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	5,803,922	444,249
Interest receivable	4	446,094	263,316
Current Portion of Long- Term Receivables from Exchange Transactions	4	69,985,009	39,946,099
Current Portion of receivables From County Assembly	6	-	55,118,081
<b>Total current assets</b>		<b>76,235,025</b>	<b>95,771,745</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	4	111,679,203	71,110,541
<b>Total non- current assets</b>		<b>111,679,203</b>	<b>71,110,541</b>
<b>Total Assets (A)</b>		<b>187,914,228</b>	<b>166,882,286</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current Portion of Borrowings [Loan Prepayments]	5	1,127,411	6,983,654
<b>Total current liabilities</b>		<b>1,127,411</b>	<b>6,983,654</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	-	-	-
<b>Total Liabilities (B)</b>		<b>1,127,411</b>	<b>6,983,654</b>
<b>Net Assets (A-B)</b>		<b>186,786,817</b>	<b>159,898,632</b>
<b>Represented By:</b>			
Revolving Fund		120,000,000	120,000,000
New Funds		-	-
Accumulated Surplus		66,786,816	39,898,632
<b>Net Assets</b>		<b>186,786,816</b>	<b>159,898,632</b>

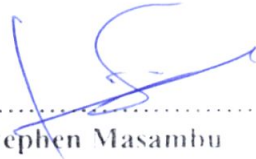
**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS  
SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

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 26.09.2024 and signed by:



.....  
Name: Ambaka Kilinga  
Administrator of the Fund



.....  
Name: Stephen Masambu  
Fund Accountant  
ICPAK Member Number: 10533

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Revaluation	Revaluation	Accumulated	Total
	fund	Reserve	Surplus	
		Kshs	Kshs	Kshs
Balance as at 1 July (2022)	120,000,000	-	36,964,486	156,964,486
Surplus (Deficit) For the Period	-	-	2,934,146	2,934,146
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance as at 30 June (2023)</b>	<b>120,000,000</b>	-	<b>39,898,632</b>	<b>159,898,632</b>
Balance as at 1 July (2023)	120,000,000	-	39,898,632	159,898,632
Surplus (Deficit) For the Period	-	-	2,006,265	2,006,265
Funds Received During the Year	-	-	24,881,919	24,881,919
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance as at 30 June (Current FY)</b>	<b>120,000,000</b>	-	<b>66,786,816</b>	<b>186,786,816</b>

*(Reserves are basically accumulated (surplus) net interest income over time)*

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received	1	4,783,620	2,936,546
Receipts from other operating activities	6	24,881,919	-
<b>Total receipts</b>		<b>29,665,539</b>	<b>2,936,546</b>
<b>Payments</b>			
General expenses	2	2,774,000	-
Bank charges	2	3,355	2,400
Other payments		-	-
<b>Net cash flows from operating activities</b>		<b>26,888,184</b>	<b>2,934,146</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		54,525,998	47,592,554
Loan disbursements paid out		(132,300,000)	(63,200,000)
<b>Net cash flows used in investing activities</b>		<b>(77,774,002)</b>	<b>15,607,444</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings	5	1,127,411	6,983,654
Repayment of borrowings [Loan Repayments]	6	55,118,081	(-)
<b>Net cash flows used in financing activities</b>		<b>56,245,492</b>	<b>6,983,654</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>5,359,675</b>	<b>(5,689,645)</b>
Cash and cash equivalents at 1 July		444,249	6,133,894
<b>Cash and cash equivalents at 30 June</b>		<b>5,803,923</b>	<b>444,249</b>

*IPSASB has prescribed the direct method of cash flow preparation presentation for all entities under the IPSAS accrual basis of accounting.*



**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

The Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund is established by and derives its authority and accountability from the Salaries and Remuneration Commission (SRC) circular number SRC/TC/WH/3/14 of 14<sup>th</sup> February 2014 and the Vihiga County Assembly Members (Car Loan Scheme Fund) Regulations 2014 and 2015 of 11<sup>th</sup> July 2014 and 19<sup>th</sup> January 2016. The Fund is wholly owned by the Vihiga County Government and is domiciled in Kenya. The entity's principal activity is to provide car loans and mortgage facilities to members of County Assembly and staff.

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

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

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

There were no new and amended standards issued in the financial year.

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<i>Applicable 1<sup>st</sup> January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires: Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance: new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

<p>IPSAS 48- Transfer Expenses Applicable 1<sup>st</sup> January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers</p>	<p>IPSAS 49- Retirement Benefit Plans Applicable 1<sup>st</sup> January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
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(i) Early adoption of standards

The Entity did not early adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

It is being a Revolving Fund, there's no budget in the year. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh 24,881,919 on the FY 2024 budget following the governing body's approval.

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

**VIIHGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Summary of Significant Accounting Policies (Continued)**

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 of these financial statements.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**a) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**b) Contingent liabilities**

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

**Contingent assets**

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

**c) Nature and purpose of reserves**

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

(d) 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.

(e) 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.

(f) 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.

(g) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

(h) Cash and cash equivalents

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

(i) Comparative figures

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

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions -**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

**6. Notes to The Financial Statements Continued**

**1. Interest income**

Description	2023-2024	2022-2023
	KShs	KShs
Interest Income from Mortgage Loans	4,783,620	2,936,546
Interest Income from Car Loans	-	-
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	-	-
<b>Total Interest Income</b>	<b>4,783,620</b>	<b>2,936,546</b>

*(This is strictly interest charged on loans advanced to staff and members of county assembly)*

**2. Use of Goods and Services**

Description	2023-2024	2022-2023
	KShs	KShs
Administration Fees	-	-
General Expense	2,774,000	-
Bank Charges	3,355	2,400
Electricity and Water Expenses	-	-
<b>Total</b>	<b>2,777,355</b>	<b>2,400</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**3. Cash and cash equivalents**

Description	2023-2024	2022-2023
	KShs	KShs
Vihiga Car Loan Account	-	-
Vihiga County Mortgage Account	5,803,922	444,249
Fixed Deposits Account	-	-
On Call Deposits	-	-
Current Account	-	-
Others (Specify)	-	-
<b>Total Cash and Cash Equivalents</b>	<b>5,803,922</b>	<b>444,249</b>

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

**Notes to the Financial Statements Continued**

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

Financial Institution / Account number	2023-2024	2022-2023
	KShs	KShs
<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	-	-
Cooperative Bank of Kenya	5,803,922	444,249
<b>Sub- Total</b>	<b>5,803,922</b>	<b>444,249</b>
<b>d) Others (Specify)</b>		
Cash In Transit	-	-
Cash In Hand	-	-
<b>Sub- Total</b>	-	-
<b>Grand Total</b>	<b>5,803,922</b>	<b>444,249</b>

**4. Receivables from exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current Receivables</b>		
Interest Receivable	446,094	263,316
Current Loan Repayments Due	69,985,009	39,946,099
Other Exchange Debtors	-	55,118,081
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>70,431,103</b>	<b>95,327,496</b>
<b>Non Current Receivables</b>		
Long Term Loan Repayments Due	111,679,203	71,110,541
<b>Total Non- Current Receivables</b>	<b>111,679,203</b>	<b>71,110,541</b>
<b>Total Receivables From Exchange Transactions</b>	<b>182,110,306</b>	<b>166,438,037</b>

Notes to the Financial Statements Continued

**VIIHGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Rshs	Rshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	446,094	263,316
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	446,094	263,316
<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	-	-

*VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND*  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

**VIIHGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

**5. Borrowings**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	1,127,411	6,983,654
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	3,000,000
<b>Balance At End of The Period</b>	<b>1,127,411</b>	

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	1,127,411	6,983,654
Long Term Borrowings	-	-
<b>Total</b>	<b>1,127,411</b>	<b>6,983,654</b>

*All the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year of the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed. Borrowings should be measured at amortised cost as per IFRS 41.*

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

**Notes To The Financial Statements (Continued)**

**6. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	2025-2024	2022-2023
	Kshs	Kshs
Transfers from Related Parties	24,881,919	-
Transfers to Related Parties	-	55,118,081

**c) Due from related parties**

Description	2025-2024	2022-2023
	Kshs	Kshs
Due from Parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

Annual Report and Financial Statements for the year ended June 30, 2024

**Other Disclosures Continued**

**d) Due to related parties**

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

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to The Financial Statements (Continued)**

**7. 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables from Exchange Transactions	182,110,306	182,110,306	-	-
Receivables from Non-Exchange Transactions		-	-	-
Bank Balances	5,803,922	5,803,922	-	-
<b>Total</b>	<b>187,914,228</b>	<b>187,914,228</b>	-	-
<b>At 30 June 2023</b>				
Receivables from Exchange Transactions	166,438,037	166,438,037	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	444,249	444,249	-	-
<b>Total</b>	<b>166,882,286</b>	<b>166,882,286</b>	-	-

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

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to The Financial Statements (Continued)**

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	1,127,411	1,127,411
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>1,127,411</b>	<b>1,127,411</b>
<b>At 30 June 2023</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	6,983,654	6,983,654
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>6,983,654</b>	<b>6,983,654</b>

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to The Financial Statements (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.

**i. Foreign currency risk**

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

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

Description	Other currencies		Total
	KShs.	KShs.	KShs.
<b>At 30 June 2024</b>			
<b>Financial Assets</b>			
Investments	-	-	-
Cash	5,803,922	-	-
Debtors/Receivables	182,110,306	-	-
<b>Liabilities</b>			
Trade and Other Payables	-	-	-
Borrowings	1,127,411	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	<b>186,786,817</b>	<b>-</b>	<b>-</b>

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

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR  
LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to The Financial Statements (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

Description	Change in currency rate Kshs	Effect on surplus/ deficit	Effect on Equity
		Kshs	Kshs
<b>FY 2023/2024</b>			
Euro	10%		
USD	10%		
<b>FY 2023/2024</b>			
Euro	10%		
USD	10%		

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**VIIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	120,000,000	120,000,000
Accumulated surplus	66,786,816	39,898,632
<b>Total funds</b>	<b>186,786,816</b>	<b>159,898,632</b>
Total borrowings	1,127,411	6,983,654
Less: cash and bank balances	(5,803,922)	(444,249)
Net debt/ (excess cash and cash equivalents)	(4,676,511)	6,539,405
<b>Gearing</b>	<b>0.604%</b>	<b>4.37%</b>

**8. Events after the reporting period**

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

**9. Ultimate and Holding Entity**

The entity is a County Public Fund established by section 167 of the PFM Act 2012 under the Ministry of Devolution. Its ultimate parent is the County Government of Vihiga.

**10. Currency**

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

**VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**20. Annexes**

**Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

*[Handwritten Signature]*

Date.....


VIHIGA COUNTY ASSEMBLY MEMBERS AND STAFF MORTGAGE AND CAR LOANS SCHEME FUND  
 Annual Report and Financial Statements for the year ended June 30, 2024

Confirmation of amounts received by Vihiḡa County Assembly Members and Staff Mortgage and Car loan Scheme Fund as at 30<sup>th</sup> June 2024

Amounts Disbursed by [SC/SAGA Fund] (KShs) as at 30 <sup>th</sup> June 2024	Amount Received by	Differences (KShs)
	(KShs) as at 30 <sup>th</sup> June 2024	(KShs)
	(11)	(11) (D-1)

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

Head of Accountants department of beneficiary Fund:

Name: Stephen Masambu Sign:  Date: 26/9/2024

