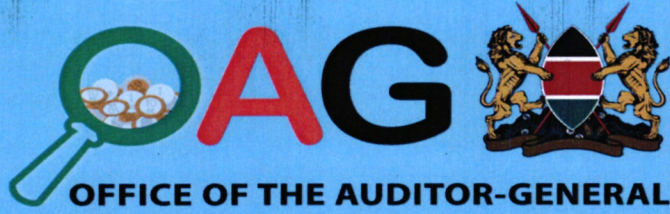


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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THE AUDITOR-GENERAL

ON

**NYERI COUNTY EXECUTIVE CAR LOAN
AND MORTGAGE (STAFF) SCHEME FUND**

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

COUNTY GOVERNMENT OF NYERI

Email:
nyericountytreasury@gmail.com
or
finance@nyeri.go.ke

P.O. BOX 1112-10100
Telephone 061-2030700
NYERI

OFFICE OF THE CHIEF OFFICER FINANCE AND ACCOUNTING

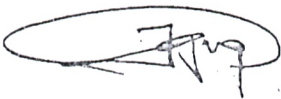
OUR REF: CGN/FIN&ACC/2022-23/019 (28)

DATE: 23rd November, 2022

OFFICE OF THE AUDITOR GENERAL
NYERI HUB

RE: AMENDED FINANCIAL STATEMENTS

I hereby forward the amended financial statements for the year ended 30th June, 2022
for Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund



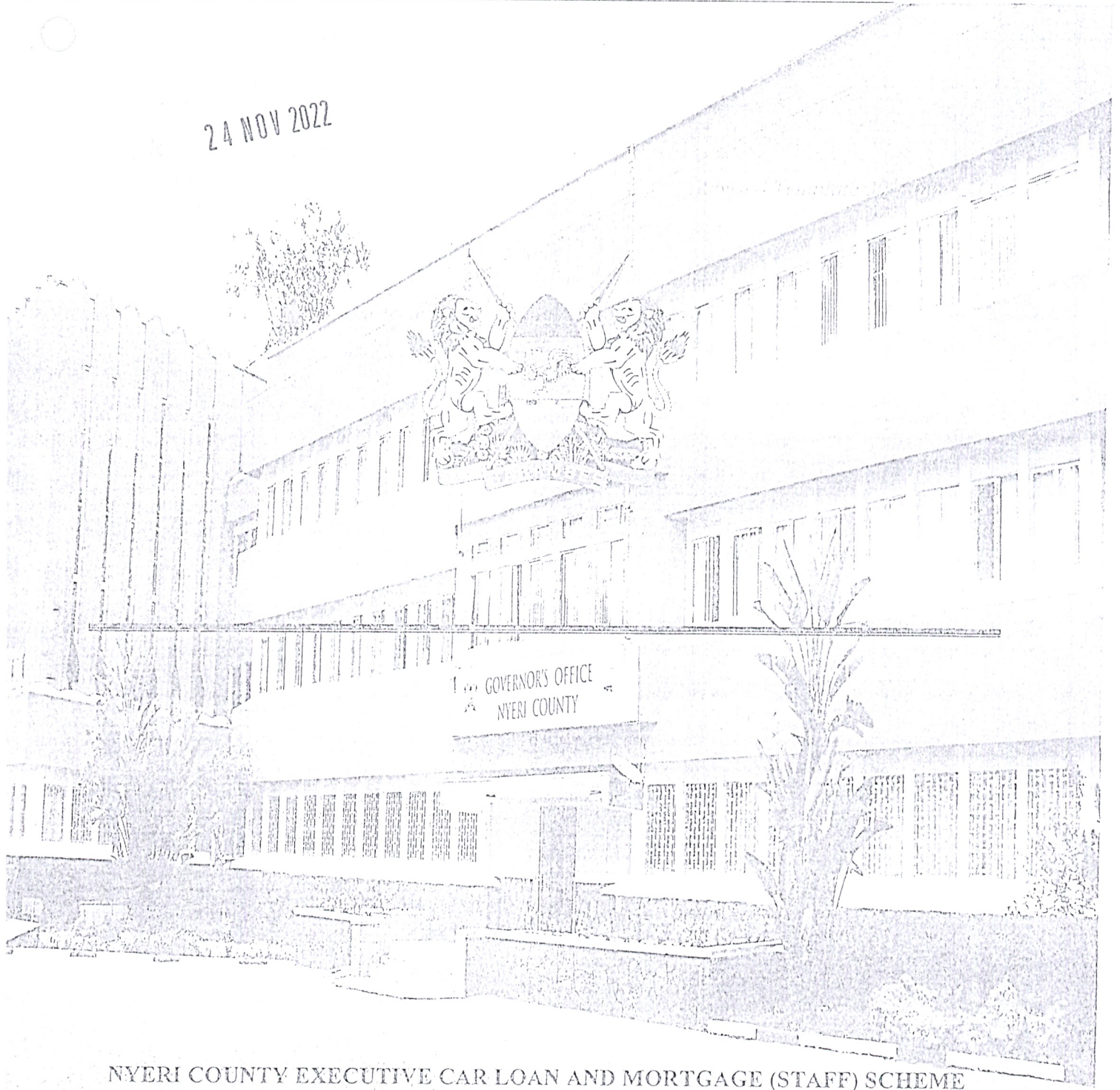
JOHN NGUGI
FUND ADMINISTRATOR

24 NOV 2022





24 NOV 2022



NYERI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE (STAFF) SCHEME

FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

ENDED 30TH JUNE 2022





Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

1. Key Entity Information and Management

a) Background information

The Nyeri County Executive Car Loan and Mortgage (Staff) Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission. (SRC) circular number SRC/ADM/CIR/1/13/VOL.111(128) dated 17th December 2014, SRC/ADM/CIR/1/13/VOL.111(130) dated 29th January 2015, SRC/ADM/CIR/1/13/VOL.111(142), of 25th August, 2016 and Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Regulations 2017; Kenya Gazette Supplement No.14 dated 22nd November 2017. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements. For proper management of the fund and as advised by the SRC in the circular under the reference, the County Government of Nyeri adopted the PFM regulations 2016 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Government appointed a banking institution to manage the fund. The fund is managed by a financial institution i.e. The National Bank Nyeri Branch and the Family Bank of Kenya Nyeri Branch. The role of the bank is to provide administration services for the fund. This includes recovery of loan instalments and maintenance of members loan details.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising therefrom, the County Executive Committee Member for Finance signed the Regulations on 3rd November, 2017.

The fund is wholly owned by the County Government of Nyeri- Executive and is domiciled in Kenya.

The Fund's principal activity and objective is to provide a loan scheme for the purchase, development, renovations or repair of residential property and/or to purchase a motor vehicle for personal use by members of the scheme.

b) Principal Activities

The principal objective of the fund is to provide a loan scheme for the purchase, development, renovations or repair of residential property and/or to purchase a motor vehicle for personal use by members of the scheme.

c) Fund Administration Committee

Ref	Name	Position
1	Robert Thuo	Chairman
2	John Ngugi	Secretary
3	Kimani Ruchuiya	County Attorney
4	Beatrice Chelangat	Member
5	Julius Ringera	Member
6	Elizabeth Mathenge	Member
7	Diana Kendi	Member
8.	David Ruga	Member



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

d) Key Management

Ref	Name	Position
1	Robert Thuo	Fund Chairman
2	John Ngugi	Fund Manager/ Administrator
3.	David Ruga	Member
4.	Beatrice Chelangat	Member
5	Elizabeth Mathenge	Member

e) Registered Offices

Nyeri town hall
P.O. Box 1112 – 10100
Nyeri Town Hall
Nyeri, Kenya

f) Fund Contact

Telephone (+254) 724417441
Email: nyericountytreasury@gmail.com

g) Fund Bankers

National Bank of Kenya
Nyeri branch
P.O. Box 192-10100
Nyeri, Kenya

Family Bank.
Nyeri Branch
P.O Box 74145-00200
Nairobi, Kenya



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

h) Independent Auditors

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

i) Principal Legal Advisers





The Attorney General
State law office
Harambee Avenue
P.O Box 40112-00200
Nairobi Kenya.

County Attorney
Nyeri Town Hall
P.O. Box 1112-10100
Nyeri.






Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

2. Fund Administration Committee

Name	Details of qualifications and experience
 Robert Thuo	Fund Chairman CEC Finance and Economic Planning Date of birth 10 th January, 1965 Academic qualifications Hons Degree Work experience: County Executive Committee Member for eight years and Program Manager East and Central Africa - Geotraceability
 John Mungai Ngugi	Fund Administrator Chief Officer Finance and Accounting Date of birth 24 th February 1970 Professional qualifications: CPA(K) Academic qualification: Masters in Business Administration and BSC in Agriculture Engineering, More than ten years experience in Senior Positions such as Chief Officer Finance and Accounting Nyeri County, Director Finance and Administration Kiambu County, City Treasurer Nairobi and Mombasa
 Kimani Ruchuiya	Member of the Fund Administration Committee County Attorney Date of birth 27 th January, 1992 Professional qualifications: Advocate of the High Court of Kenya, Associate of the Chartered Institute of Arbitrators Academic qualifications: Bachelor of laws, Post graduate Diploma in Accounting and Business Masters of Laws (pending dissertation) University of Nairobi
 Beatrice Chelangat	Member of the Fund Administration Committee Ag. Chief Officer Lands and Physical Planning Date of birth 27 th May, 1982 Professional Qualification – Physical Planner Academic qualification – Degree in urban and regional planning Work experience – Physical Planner – Ministry of Lands, County Physical Planner, County Deputy Director Physical Planning Nyeri



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

<p>Member of the Fund Administration Committee Chief Officer Transport, Public Works, Infrastructure and Energy Date of birth: 28th December, 1962 Professional qualifications: Registered Quantity Surveyor under BORAQS Experience of over thirty years in the Civil Service</p>	<p>Julius Kiogora Ringera</p> 
<p>Member of the Fund Administration Committee Director Human Resource Professional qualifications: Certified Human Resource Professional CHRP(K) and a member of Institute of Human Resource Management Academic qualifications: Master's Degree in Human Resource Management, Bachelor's Degree in Business Administration (Human Resource Management option) and Advanced Diploma in Human Resource Management.</p>	<p>Elizabeth Wanjiru Mathenge</p> 
<p>Member of the Fund Administration Committee CECM Trade, Tourism and Cooperative Development Academic qualifications: Master of Business Administration(MBA) in Strategic Management, Bachelor of Science Degree in International Business Administration, Certificate in Senior Management Skills and Policy Development Management, Certificate in Trade Related Investment measures, Trade remedies under WTO and Regional Trade agreements, Certificate in International Investment Promotion training, Certificate on Payroll Cleansing and Performance Management and Certificate of youth membership Experience: County Executive Committee Member County Government of Nyeri</p>	<p>Diana Kendi</p> 



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022






David Kiriiri Ruga

Member of the Fund Administration Committee
Secretary and Chief Executive Officer County Public Service Board
Date of birth: 26th May, 1978
Professional qualifications: Certified Human Resource Management Professional (CHRP), Certified Public Accountant CPA(K), Certified Public Secretary CPS(K)
Academic qualifications: Bachelor of Commerce (Finance Option)
Experience: Secretary and Chief Executive Officer Nyeri County Public Service Board, Senior Manager Central Operations Faulu Microfinance Bank, Project Manager and Senior Manager Operations Sidian Bank, Manager Controls, Operations Manager and Senior Operations Officer at K-Rep Bank.





Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

3. Management Team

Name	Details of qualifications and experience
 <p>Robert Thuo</p>	<p>Fund Chairman CEC Finance and Economic Planning Date of birth 10th January, 1965 Academic qualifications Hons Degree Work experience: County Executive Committee Member for eight years and Program Manager East and Central Africa - Geotraceability</p>
 <p>John Mungai Ngugi</p>	<p>Fund Administrator Chief Officer Finance and Accounting Date of birth 24th February 1970 Professional qualifications: CPA(K) Academic qualification: Masters in Business Administration and BSC in Agriculture Engineering, More than ten years experience in Senior Positions such as Chief Officer Finance and Accounting Nyeri County, Director Finance and Administration Kiambu County, City Treasurer Nairobi and Mombasa</p>
 <p>David Kiriiri Ruga</p>	<p>Member of the Fund Administration Committee Secretary and Chief Executive Officer County Public Service Board Date of birth: 26th May, 1978 Professional qualifications: Certified Human Resource Management Professional (CHRP), Certified Public Accountant CPA(K), Certified Public Secretary CPS(K) Academic qualifications: Bachelor of Commerce (Finance Option) Experience: Secretary and Chief Executive Officer Nyeri County Public Service Board, Senior Manager Central Operations Faulu Microfinance Bank, Project Manager and Senior Manager Operations Sidian Bank, Manager Controls, Operations Manager and Senior Operations Officer at K-Rep Bank.</p>



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

 <p>Beatrice Chelangat</p>	<p>Member of the Fund Administration Committee Ag. Chief Officer Lands and Physical Planning Date of birth 27th May, 1982 Professional Qualification – Physical Planner Academic qualification – Degree in urban and regional planning Work experience – Physical Planner – Ministry of Lands, County Physical Planner, County Deputy Director Physical Planning Nyeri</p>
 <p>Elizabeth Wanjiru Mathenge</p>	<p>Member of the Fund Administration Committee Director Human Resource Professional qualifications: Certified Human Resource Professional CHR(K) and a member of Institute of Human Resource Management Academic qualifications: Master’s Degree in Human Resource Management, Bachelor’s Degree in Business Administration (Human Resource Management option) and Advanced Diploma in Human Resource Management.</p>

4. Board/Fund Chairperson’s Report

It is my pleasure to present, on behalf of the management team, the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund financial statements for the year ended 30th June 2022.

The financial statements present the financial performance of the fund over the past year.

The current Secretary to the County Public Service Board joined the fund administration committee and the management team.

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

The fund earned revenue amounting to Kshs. 321,454. This is through the interest from loans advanced to members.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Loans disbursement during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to balances in the accounts and repayment of loans by members.

The total expenditures during the period amounted to Kshs. 117,951 out of which the administration expenses amounted to Kshs. 107,151 and bank charges amounted to Kshs 10,800

The outlook of the Fund for FY 2022/2023 looks brighter. The fund focus is to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Government and development partners to the realization of its mandate.

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

I look forward to your continued support in the year 2022/2023

Signed: 

Robert Thuo

Fund Chairperson.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

5. Report of the Fund Administrator

It is my pleasure to present the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme fund financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the past year.

The fund was established in June, 2018 started with an amount of Kshs. 100 Million and an additional Kshs 38,570,074 that was in the Family Bank Account. A total of ten loan beneficiaries have made borrowings amounting to Kshs. 36,856,500.

The fund has achieved to give loans to all members as per their requests and the approval of the management team.

Financial Performance

a) Revenue

In the year ended 30th June 2022, the fund made revenue from interest on loans from members amounting to Kshs. 321,454. This was made possible by the fact that, all members paid up their monthly instalments as at the close of the FY 2021/2022.

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

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
Revenue	KShs	KShs	
Public contributions and donations	-	-	-
Transfers from County Govt.	-	-	-
Interest income	582,000	321,454	55
Fines, penalties and other levies	-	-	-
Other income	-	-	-
Total income	582,000	321,454	55

*two beneficiaries cleared their loan repayment thus the shortfall in the target realization.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

b) Loans

In the course of financial year 2021/2022, the fund disbursed loan to one staff member. So far ten staff members have benefited from the loans disbursement.

c) Cash flows

In the FY 2021/2022, the cash and cash equivalents was Kshs. 125,457,886 as at 30th June 2022, there was no liquidity challenges in the fund since few members of staff had applied for the loan.

d) Conclusion

During financial year 2021/2022 the loan uptake had increased by one member of staff. We identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the management team, The National Bank of Kenya, Family Bank and members of staff for their support to ensure that Nyeri County Executive Car Loan and Mortgage (Staff) Scheme achieves its objectives.

Signed: _____

John Ngugi

Fund Administrator.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

6. Statement of Performance against County Fund's Predetermined Objectives

Introduction

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

The targeted amount on interest income was Kshs 582,000 and the realized amount is Kshs 321,454 this was as a result of low loan uptake by the members of staff and clearing of the loan repayment by the loanees.

The key development objectives of the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund is to:

- a) Provide a loan scheme for the purchase, development, renovations or repair of residential property and/or to purchase a motor vehicle for personal use by members of the scheme.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car and mortgage loans fund.	Provide car and mortgage loans to staff	Increased number of staff accessing car and mortgage loans to County staff	10 staff members accessed loans	In FY 2021/2022 we increased loan access by one staff member



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

7. Corporate Governance Statement

Number of Board/Trustee meetings held and the attendance to those meetings by members,

S/no	Date of the Meetings	No. of members who attended
1.	08/07/2021	Six
2.	19/07/2021	Seven
3.	23/12/2021	Four
4.	01/02/2022	Eight

Succession plan

The composition of the fund management committee is as per the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme regulations 2017.

Process of appointment and removal of trustees/fund administration committee

The Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund regulations 2017 indicates that there is established a Nyeri County Executive (Car and Mortgage) Loans Management Committee, which consists of:-

- (a) The County Executive Committee Member responsible for Finance or his/her designate who shall be the chairperson;
- (b) One member of the County Executive Committee elected by members of the County Executive Committee;
- (c) The Chief Officer in charge of Land and planning;
- (d) The Chief Officer responsible for finance who shall be the Fund Administrator;
- (e) The officer in charge of human resource services in the County Public Service;
- (f) The officer in charge of procurement in the County Public Service;
- (g) The Chief officer responsible for Public Works Officer;
- (h) The Secretary County Public Service Board or his/her designate.
- (i) The County Attorney

Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Roles and functions of the Board/Trustee



(a) Process and approve loans in accordance with these regulations;
(b) Liaise with the financial institution where necessary to set up a Fund for the disbursement of the loans;

(c) Oversee the management of the Fund;
(d) Monitor and evaluate the performance of the Fund;
(e) Approve annual work programmes and procurement plans for the Fund;
(f) recommend the investment of any surplus funds not immediately required in securities approved by the County Government, for the purposes of realizing the objects and purpose for which the Fund is established;
(g) Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Fund;

(h) Receive any gifts, donations, grants or endowments made to the Fund;
(i) Consider and recommend approval of the financial Statements to the officer administering the Fund;
(j) Recommend as when required the procurement of a financial institution to administer the Fund on its behalf;
(k) Perform any other functions that are ancillary to the objects and purpose for which the Fund is established; and
(l) Determine its own procedures for conducting its business.

Board and member performance,
A total of 10 loan beneficiaries have made borrowings amounting to Kshs. 36,856,500 since its inception.

The fund gave loans to all members as per their requests and the approval of the management team.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

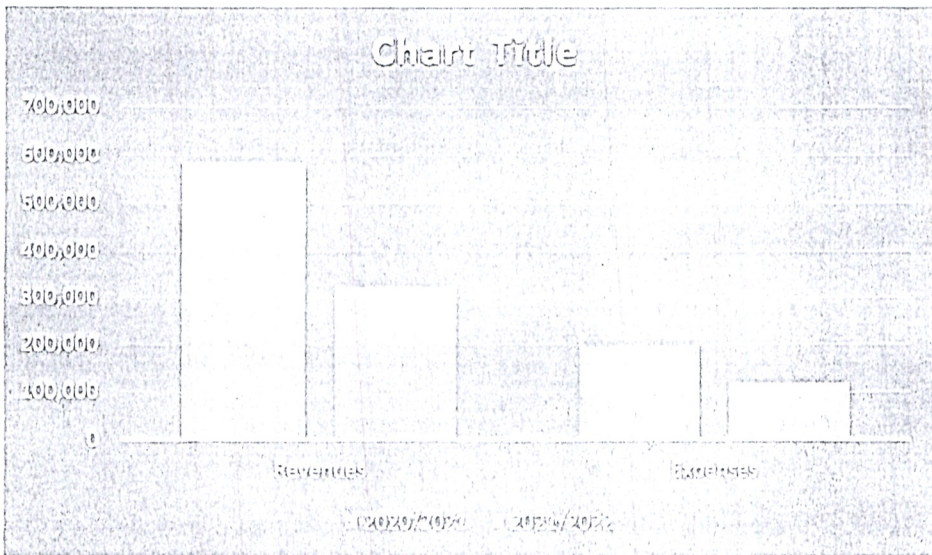
8. Management Discussion Analysis

The fund was established in June, 2018 started with an amount of Kshs. 100 Million and an additional Kshs 38,570,074 that was in the Family Bank Account. A total of 10 loan beneficiaries have made borrowings amounting to Kshs. 36,856,500.

The fund have achieved to give loans to all members as per their requests and the approval of the management team.

The following indicates the financial performance since inception. The revolving fund has increased by Kshs 38,773,577 to Kshs 139,570,074 as a result of Kshs 38,570,074 in the family bank account and a surplus of Kshs 203,503 in the financial year 2021-2022

Comparison of Revenues and Expenditure for F/Y 2020-2021 and 2021-2022



Fund Chairman
Robert Thuo



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

9. Report of the Fund Administration Committee

The fund administration committee submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

Principal activities

The principal activities of the fund is to provide a loan scheme for the purchase, development, renovations or repair of residential property and/or to purchase a motor vehicle for personal use by members of the scheme.

Results.

The results of the Fund for the year ended June 30, 2022 are set out on page 18 to 45

Fund administration committee

The members of the administration committee who served during the year are shown below.

Ref	Name	Position
1	Robert Thuo	CECM Finance And Economic Planning
2	John Ngugi	Chief Officer Finance
3	Kimani Ruchuiya	County Attorney
4	Beatrice Chelangat	Director Lands and Physical Planning
5	Julius Ringera	Chief Officer Roads and Transport
6	Elizabeth Mathenge	Director Human Resource
7	Diana Kendi	CECM Trade and Cooperatives
8.	David Ruga	Secretary County Public Service Board

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 [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the fund for the year/period ended June 30, 2022 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.

Sign: 

Name: Robert Thuo

Chair of Fund Administration Committee

Date: 23.11.2022



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund regulation 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund regulation. 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, 2022, 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.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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

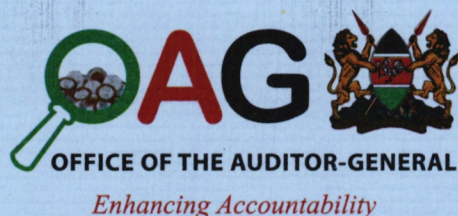
The Fund's financial statements were approved by the Committee on 23-11 2022 and signed on its behalf by:

Name: John Ngugi

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund set out on pages 22 to 58, which comprise the

statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the financial position of Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 11 to the financial statements reflects cash and cash equivalents balance of Kshs.125,457,886 which includes Kshs.6,364,607 held in one bank account. However, bank reconciliation statement for the account reflects cash book balance of Kshs.8,711,343, resulting to an unexplained and unreconciled variance of Kshs.2,376,736. Further, Management did not provide for audit review a Board of Survey report to support the reported balances and bank reconciliation statements for the two Bank account with balances of Kshs.1,063,929 and Kshs.100,632 respectively.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.125,457,886 could not be confirmed.

2. Long Term Receivables

2.1 Lack of Loan Application Files

The statement of financial position and as disclosed under Note 12 to the financial statements reflects receivables from exchange transactions balance of Kshs.14,165,218 made of current loan repayments due and long-term repayments due balances of Kshs.4,776,795 and Kshs.9,388,422 respectively. However, loan application files for loans issued to five (5) members of the Fund amounting to Kshs.14,906,500 were not provided for audit review. This is contrary to Regulation 9(1) of the Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 which outlines the documents to be forwarded to the Fund administrator accompanying the loan application.

2.2 Defaulted Loan Repayment

Information available, revealed that a former County Executive Committee Member (CECM) Agriculture, Livestock and Fisheries was cleared and released as an employee

of the County Government of Nyeri. However, the officer had an outstanding loan balance from Mortgage of Kshs.4,432,208 which was not recovered.

In the circumstances, the validity and completeness of receivables from exchange transactions balance totalling Kshs.14,165,218 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matter

In the audit report of the previous year, an issue was raised under Report on Financial Statements on non-provision of approved budget. However, although the Management has indicated in the financial statements under progress on follow up of prior year auditor's recommendations, that the issue has been resolved, no evidence was provided for audit review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Lack of Approved Budget

The financial statements provided for audit reflects total budget and actual revenue of Kshs.582,000 and Kshs.321,454 respectively and expenditure of Kshs.387,822 and Kshs.117,951 respectively. However, Management did not provide approved annual estimates for the activities of the Fund for the year under review. This is contrary to

Sections 31(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Risk Management Policy

The Management has not prepared a risk management policy for guidance on risk assessment and formulation of risk mitigation strategies in the year under review. This is contrary to Section 158(1)(a) and (b) of the Public Finance Management Act (County Government) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

In the absence of a risk management and fire policy, it has not been possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal 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 control, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 controls environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

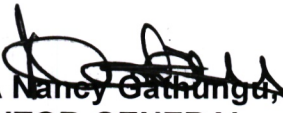
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 February, 2023



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

12. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	321,454	581,734
Other Income	5	-	-
		321,454	581,734
Total Revenue		321,454	581,734
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	117,951	193,911
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		117,951	193,911
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		203,503	387,823

Name: John Ngugi
Administrator of the Fund

Name: Nancy Gatei
Fund Accountant
ICPAK Member Number: 8455



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

13. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	125,457,886	81,715,457
Current Portion of Long- Term Receivables From Exchange Transactions	12	4,776,795	1,765,207
Prepayments	13	-	-
Inventories	14	-	-
		130,234,681	83,480,664
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	9,388,422	17,368,962
		9,388,422	17,368,962
Total Assets		139,623,103	100,849,626
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities		-	-
Net Assets		139,623,103	100,849,626
Revolving Fund		138,570,074	100,000,000
Reserves		-	-
Accumulated Surplus		1,053,129	849,626
Total Net Assets and Liabilities		139,623,203	100,849,626

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 23.11.2022 and signed by:

Name: John Ngugi
Administrator of the Fund

Name: Nancy Gatei
Fund Accountant
ICPAK Member Number: 8455



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

14. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	100,000,000	-	461,804	100,461,804
Surplus/(Deficit) For the Period	-	-	387,822	387,822
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	100,000,000	-	849,626	100,849,626
Balance As At 1 July 2021	100,000,000	-	849,626	100,849,626
Surplus/(Deficit) For the Period	-	-	203,503	203,503
Funds Received During the Year	38,570,074	-	-	38,570,074
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	138,570,074	-	1,053,129	139,623,203

*Note Kshs 38,570,074 was an additional to the revolving fund from the Family Bank Account number 055000028883.

Name: John Ngugi
Administrator of the Fund

Name: Nancy Gatei
Fund Accountant
ICPAK Member Number: 8455



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

15. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		38,570,074	-
Interest received	4	321,454	581,734
Receipts from other operating activities		-	-
Total receipts		38,891,528	581,734
Payments			
Use of Goods and Services	7	117,951	193,911
Finance cost	9	-	-
Total payments		117,951	193,911
Net cash flows from operating activities		38,773,577	387,823
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		4,968,952	7,427,384
Loan disbursements paid out			4,250,000
Net cash flows used in investing activities		4,968,952	3,177,384
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		43,742,529	3,565,207
Cash and cash equivalents at 1st July	11	81,715,457	77,878,372
Cash and cash equivalents at 30 June	11	125,457,886	81,715,457

Name: John Ngugi
Administrator of the Fund

Name: Nancy Gatei
Fund Accountant
ICPAK Member Number: 8455



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations		-			-	
Transfers from County Govt.		-			-	
Interest income	582,000	-	582,000	321,454	260,546	55%
Other income		-			-	
Total income	582,000	-	582,000	321,454	260,546	55%
					-	
Expenses					-	
Fund administration expenses	194,000	-	194,000	107,151	86,849	55%
General expenses				10,800	(10,800)	
Finance cost					-	
Total expenditure	194,000	-	194,000	117,951	76,049	61%
Surplus for the period	388,000	-	387,822	203,503	184,497	

Budget notes

The targeted amount on interest income was Kshs 582,000 and the realized amount is Kshs 321,454 this was as a result of low loan uptake by the members of staff and clearing of the loan repayment by the loanees.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

17. Notes to the Financial Statements

1. General Information

Nyeri County Executive Car Loan and Mortgage (Staff) Scheme entity is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the Nyeri County Government and is domiciled in Kenya. The entity's principal activity is to provide a loan scheme for the purchase, development, renovations or repair of residential property and/or to purchase a motor vehicle for personal use by members of the scheme.

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

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1 st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Standard	Effective date and impact:
	<p>information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the</p>



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Standard	Effective date and impact:
	<p>on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(ii) Early adoption of standards

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

1. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the Committee on 27th April, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2021-2022 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.

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

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Summary Of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

Intangible Assets

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

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

Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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



*Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Summary of Significant Accounting Policies (Continued)*

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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



*Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Summary of Significant Accounting Policies (Continued)*

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.

Provisions

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

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

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

Contingent liabilities

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



*Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Summary of Significant Accounting Policies (Continued)*

Contingent assets

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

a) Nature and purpose of reserves

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

b) 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.

c) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

d) Foreign currency transactions

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



*Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
Summary of Significant Accounting Policies (Continued)*

e) 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.

f) 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.

g) Cash and cash equivalents

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

h) Comparative figures

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

i) Events after the reporting period

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

j) Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act 2012 and Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund regulations 2017 in the department of finance and economic planning. Its ultimate parent is the County Government of Nyeri.

k) Currency

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
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.

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

b) Useful lives and residual values

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

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

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.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

6. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage and car Loans	321,454	581,734
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	321,454	581,734



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	107,151	193,911
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	10,800	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Total	117,951	193,911



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

8. Depreciation and Amortization Expenses

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	125,457,986	81,715,457
Others	-	-
Total Cash And Cash Equivalents	125,457,985.83	81,715,457.00

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
e) Current Account			
National Bank Account	01520205791900	6,364,607	80,865,831
Interest Account		1,063,929	849,626
Family Bank	055000028883	117928817	
Family Bank	055000053935	100,632	
Sub- Total		125,457,986	81,715,457
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		125,457,986	81,715,457



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	4,776,795	1,765,207
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	4,776,795	1,765,207
Non-Current Receivables		
Long Term Loan Repayments Due (Debtors account)	9,388,422	17,368,962
Total Non- Current Receivables	9,388,422	17,368,962
Total Receivables From Exchange Transactions	14,165,218	19,134,169

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022
 Notes to The Financial Statements (Continued)

15. Property, plant and equipment

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	-	-

18. Provisions

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Notes To The Financial Statements (Continued)

19. Borrowings

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

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

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

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

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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



Other Disclosures Continued

e) Due to related parties

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

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

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

The 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.



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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.

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

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.

Foreign currency sensitivity analysis

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.

At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Total Other currencies

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:

Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022





Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021 – KShs xxx)

d) Capital risk management



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

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

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



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

18. Progress on Follow Up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1.	Non provision of approved budget	The management noted the issue of the approved budget and the management will consider the auditor's recommendation in future	Resolved	

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;*
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;*
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.*



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

19. Annexes

i. Trial Balance

Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Trial Balance for the Year Ended 30th June 2022

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
Cash Loan account	124,393,956		80,865,831	
Cash interest account	1,063,929		849,626	
Current portion of long term receivables	4,776,795		1,765,207	
Long term receivables	9,388,422		17,368,962	
Revolving Fund		138,570,074		100,000,000
Accumulated surplus		1,053,129		849,626
	139,623,103	139,623,203	100,849,626	100,849,626



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

ii. Bank Reconciliations

F.O. 30

COUNTY GOVERNMENT OF NYERI
REPUBLIC OF KENYA
ACCOUNT NUMBER : 01520205791900
NYERI COUNTY EXECUTIVE CAR LOANS AND MORTGAGES FUND
ACCOUNT

For the month of June 2022				
		Ksh	Ksh	Ksh
	Balance as per Bank certificate:			17,337,697.27
	Less:			
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			
2	Receipts in bank statement not yet recorded in cash book			25,860,727.97
	Add:			
3	Payments in bank statement not yet recorded in cash book			14,887,637.42
4	Receipts in cashbook not yet recorded in bank statement			
	Balance as per cashbook			6,364,606.72

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

Signature

Designation

Date



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

COUNTY GOVERNMENT OF NYERI
REPUBLIC OF KENYA
ACCOUNT NUMBER : 055000028883

F.O. 30

NYRI COUNTY LOANS AND
MORTGAGES FUND ACCOUNT

For the month of June 2022				
		Ksh	Ksh	Ksh
	Balance as per Bank certificate:			106,955,627.21
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			
2	Receipts in bank statement not yet recorded in cash book			
Add:				
3	Payments in bank statement not yet recorded in cash book			10,973,190.20
4	Receipts in cashbook not yet recorded in bank statement			
	Balance as per cashbook			117,928,817.41

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

Signature

Designation

Date



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022

F.O.
30

COUNTY GOVERNMENT OF NYERI
REPUBLIC OF KENYA
ACCOUNT NUMBER : 055000053935

NYERI COUNTY LOANS AND MORTGAGES COLLECTION ACCOUNT

For the month of June 2022			
		Ksh	Ksh
	Balance as per Bank certificate:		100,632.00
Less:			
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)		
2	Receipts in bank statement not yet recorded in cash book		
Add:			
3	Payments in bank statement not yet recorded in cash book		
4	Receipts in cashbook not yet recorded in bank statement		
	Balance as per cashbook		100,632.00

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

Signature

Designation

Date



Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund Reports and Financial Statements for the year ended 30th June, 2022



22-Nov-22 FT22326LGH6G Outward RTGS Payment MT 102 982,758.60
10016833

NYERI COUNTY:CBK
VAICOM OIL (K) LIMITED
/REC/0010016833
3917 1341

21-Nov-22 FT22325KS8HM TRFS Payments 17,241.40
10016834

Withholding Tax 1,000,000.00

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