

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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THE AUDITOR-GENERAL

ON

**BOMET COUNTY ASSEMBLY CAR LOAN
AND MORTGAGE SCHEME FUND**

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



BOMET COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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**Bomet County Assembly Car loan and Mortgage Scheme Fund
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1. Key Entity Information and Management

a) Background information

The Bomet County Assembly Car Loan and Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administration of the 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, Bomet County adopted the PFM regulations 2022 to guide in the operationalization of the fund. As advised by the Salaries and Remuneration Commission (SRC) and as provided for under regulation 16 of the said regulations, the County Assembly Service Board appointed Clerk to manage the fund.

The fund is wholly owned by the County Assembly of Bomet and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to provide car loans and mortgages to staff and members of the County Assembly.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Jospat Kiplangat Kirui	Chairperson
2	Andrew Maritim	Vice Chairperson
3	Isaac K Kitur	Secretary
4	Davis Kipkirui Langat	Member
5	Weldon C Kirui	Member
6	Haron Ngeno	Member
7	Bernard Byegon	Member
8	Diana Ngeno	Member

d) Key Management

Ref	Name	Position
1	Isaac Kitur	Fund Administrator
2	Geofrey Maritim	Fund Accountant
3	Haron Ngeno	Deputy Legal Counsel
4	Diana Ngeno	Head of Human Resource

e) Registered Offices

P.O. Box 345-00090

Bomet County Assembly Headquarters

Bomet- Sotik Highway

Bomet, KENYA

f) Fund Contacts

Telephone :(254) 728-123-456

E-mail: info@bometassembly.go.ke

Website: www.bometassembly.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Access Bank
P.O. Box 19828-00100
Nairobi, Kenya
3. Family Bank
P.O. Box 74145-00200
Nairobi, Kenya

h) Independent Auditors

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

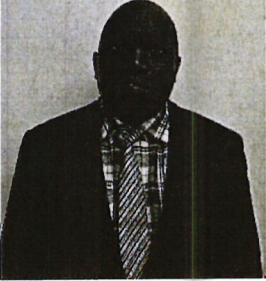


i) Principal Legal Adviser

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




Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

County Attorney
County headquarters
P.O. Box 19-20400
BOMET.

2. The Board of Trustees






Name	Details of qualifications and experience
<p>1. </p>	<p>Isaac Kitur –Fund Administrator.</p> <p>Isaac Kitur was appointed the 2nd Clerk of Bomet County Assembly in the year 2013. He holds a Bachelor of Law Degree from the University of Nairobi.</p>
<p>2. </p>	<p>Josphat Kirui – Chair – Fund</p> <p>Josphat Kirui was appointed as the 2nd chair of the Fund by virtue of being the Majority leader. He served as an MCA of Ndaraweta Ward..</p>
<p>3. </p>	<p>Andrew Maritim – Member – Fund</p> <p>Andrew Maritim was appointed as the 2nd member of the Fund by virtue of being the Minority leader. He served as an MCA of Nyongores Ward..</p>
<p>4. </p>	<p>Davis Kipkirui – Member– Fund</p> <p>Davis Kipkirui was appointed as the member of the Fund. He served as an MCA of Longisa Ward..</p>
<p>5. </p>	<p>Weldon Cheruiyot– Member – Fund</p> <p>Weldon Cheruiyot was appointed as the member of the Fund. He served as an MCA of Kipsonoi Ward.</p>

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. 	<p>Diana Ngeno</p> <p>Diana Ngeno was appointed the Human Resource Officer of Bomet County Assembly in the year 2014. He holds a bachelor Degree in Human Resource and Management and a member of IHRM.</p>
7. 	<p>Benard Byegon</p> <p>He is the legal Clerk of the County Assembly and member of the Loans Management Committee.</p>
8. 	<p>Haron Ngeno</p> <p>Haron Ngeno was appointed the Legal Counsel of Bomet County Assembly in the year 2014. He holds a Bachelor of Law Degree from the Moi University.</p>

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

3. Management Team

Name	Details of qualifications and experience
<p>1. </p>	<p>Isaac Kitur – Fund Administrator Isaac Kitur was appointed as the Fund Administrator in the year 2017 Currently, he is the Accounting Officer of Bomet County Assembly. He is also a secretary of Bomet County Assembly Service Board. Mr. Kitur holds a Bachelor of Law Degree from Nairobi University.</p>
<p>2. </p>	<p>Geoffrey Maritim – Fund Accountant Geoffrey Maritim was appointed as the Fund Accountant in the year 2018. Currently, he is the Principal Finance Officer of Bomet County Assembly. He holds a Bachelor of Commerce (Finance) from Kenyatta University. He is also a Certified Public Accountant Kenya CPA(K).</p>
<p>3. </p>	<p>Diana Ngeno Diana Ngeno was appointed the Human Resource Officer of Bomet County Assembly in the year 2014. He holds a bachelor Degree in Human Resource and Management and a member of IHRM.</p>
<p>4. </p>	<p>Benard Byegon He is the legal Clerk of the County Assembly and member of the Loans Management Committee.</p>
<p>5. </p>	<p>Haron Ngeno Haron Ngeno was appointed the Legal Counsel of Bomet County Assembly in the year 2014. He holds a Bachelor of Law Degree from the Moi University.</p>

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

4. Fund Chairperson's Report

It is my pleasure to present, on behalf of the Loan Management Committee, the Bomet County Assembly Car loan and Mortgage Scheme Fund financial statements for the year ended 30 June 2022. The financial statements present the financial performance of the fund over the past year.

Sustainability

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

Review of performance

Income

The fund earned revenues amounting to KShs. 6,961,362 revenues from other exchange transactions.

Projects implementations during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to favourable exchequer releases of KShs. 20,500,000 during the year.


Future outlook

The outlook of the Fund for the year ending 30 June 2022 looks brighter. The fund focus is looking 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 Assembly Service Board and the Budget Committee so that its allocate more money to the fund so that more staff can benefit from mortgages and car loan.

Appreciation

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

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



.....
Jospat Kirui

Chairperson

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Report of The Fund Administrator

It is my pleasure to present the Bomet County Assembly Car Loan and Mortgage Scheme Fund financial statements for the year ended 30 June 2022. The financial statements present the financial performance of the fund over the past year.

Financial Performance

a) Revenue

In the year ended 30 June 2022, the fund had projected revenues of KShs 17,500,000 out of the projected revenue, the fund was able to realise KShs 16,467,362 in actual revenues and interest representing 94% performance.

The transfer to the fund of Kshs 30,000,000 had been apportioned into capital item and operation and maintenance expenses of Kshs 20,500,000 and Kshs 9,500,000 respectively.

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.	9,500,000	9,500,000.00	100%
Interest income	8,000,000	6,961,362	87%
Fines, penalties and other levies	-	-	
Other income	-	-	
Total income	17,500,000	16,467,362	94%

b) Loans

During the financial year 2021/2022, the fund disbursed seven (7) new loans bringing the total loan beneficiaries to date to seventy-three (73).

Cash flows

In the FY 2021/2022, the Controller of Budget approved the exchequer releases of Kshs 20,500,000 that boosted the capital of the fund.

c) Conclusion

The financial year 2021/2022 was a good year in general. Good progress was made and the momentum has been created to enable Bomet County Assembly Car Loan and Mortgage Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

REPORT OF THE FUND ADMINISTRATOR

I take this opportunity to thank the Members of the fund for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Bomet County Assembly Car Loan and Mortgage Scheme fund achieves its mission.



ISAAC KITUR
FUND ADMINISTRATOR

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Introduction

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

The key objectives of the Fund as per the strategic plan for was to facilitate the members of the County Assembly and staff to acquire loans to purchase cars and build and construct residential houses.

Progress on attainment of Strategic objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Acquisitions of Cars	To purchase cars for ease of movement to work place.	Increased mobility to workplace and inspect projects in the ward level.	% of projects inspected within the county	The number of stalled project highlighted and report tabled in the house.
Acquisition of houses	To live in a decent houses.	Increased the number of home owners	No of houses built.	Houses acquired.

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

The County Assembly Fund Administrative Committee meet on quarterly basis to assess their performance.

In the financial year ending 30 June 2022 the committee met and approved seven new loans to the staff of the County Assembly who qualified and met the requirement.

To catch up on the changing business and financial dynamics the members of the Committee were trained on the financial management practices, ways of eradicating corruptions in the work place and other unethical practices.

8. Management Discussion and Analysis

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

The fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management 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 staff with an established credit history.

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

BUSINESS PERFORMANCE

Revenue

The fund exchequer releases for the period under review was Kshs 20,500,000 from the County Revenue Fund.

The Interest income amounted to KShs. 6,961,362

Cash flow

The cash and cash equivalents decreased from KShs 37,033,520 as at 30 June 2021 to KShs 20,339,056 as at 30 June 2022. This was attributed by loan which was approved and disbursed as the year ends.

OPERATIONAL PERFORMANCE

The fund's core operating activity is to offer car loans and mortgage to members of the county Assembly and staff.

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Conclusion

We appreciate the unrelenting support from the County Assembly Service board, management, staff and the county government. We look forward to the continued cooperation in areas of mutual interest in the FY 2022/2023.

Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

9. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

The top management of the Assembly had made sustainable effort in ensuring that plans in the strategic plan are achieved.

2. Environmental performance

Currently there is no policy on environmental issues but the Committee on Environment is working with the department of Environment on issues related to climate change.

3. Employee welfare

The County Assembly is in the process of developing a policy on mental health which has become a topical issue in the County due to an increased in number of people with mental challenges. The management had developed a career progression guideline which had gone a long in improving the careers of the County Assembly staff.

4. Market place practices-

The County Assembly has made effort to ensure that;

- a) There are responsible practices.
- b) Responsible Supply chain and supplier relations
- c) Responsible marketing and advertisement
- d) Consumer rights and interests are safeguarded.

5. Community Engagements-

The County Assembly has developed a platform called Bunge Mashinani which will involve engaging the public on the programs carried out by the County Government as a whole. This involve airing live the session of the plenary both in social media and live proceedings to the public.

10. Report of The Trustees

The Trustees 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 are to provide loans to staff and members of the County Assembly

Results

The results of the Fund for the year ended June 30, 2022 are set out on page one (1) of the statement of financial performance.

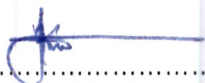
Trustees

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

Auditors

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

By Order of the Board



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

Date:

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established 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 Bomet County Assembly Car loan and Mortgage Regulation 2022. 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.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 23/01/2023 and signed on its behalf by:



.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BOMET COUNTY ASSEMBLY CAR LOAN AND MORTGAGE 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 Bomet County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 36, which comprise the statement of

Report of the Auditor-General on Bomet County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2022

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 of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Bomet County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and Bomet County Assembly Car Loan and Mortgage Fund Regulations, 2021.

Basis for Qualified Opinion

1. Interest Income

The statement of financial performance reflects interest income of Kshs.6,961,362. However, a detailed schedule showing loan opening balance, issued in the year and rate of interest applied in arriving at the interest income was not provided for the audit.

In the circumstances, the accuracy and completeness of the reported interest income of Kshs.6,961,362 for the year ended 30 June, 2022 could not be confirmed.

2. Unsupported Use of Goods and Services

The statement of financial performance also reflects use of goods and services expenditure of Kshs.16,177,224 being amount incurred on fringe benefit tax on the loans. However, the tax burden is on the employer and therefore the payments do not qualify as expenses related to the Fund. Further, no evidence was provided to indicate that the Fund received these receipts to match against the said payments.

Consequently, the propriety and accuracy of use of goods and services balance of Kshs.16,177,224 for the year ended 30 June, 2022 could not be confirmed.

3. Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long term receivables balance of Kshs.17,130,819. However, supporting schedule showing the opening balances and movements during the year was not provided for audit.

In the circumstances, the accuracy and fair statement of the current portion of long term receivables from exchange transactions balance of Kshs.17,130,819 as at 30 June, 2022 could not be confirmed.

4. Long Term Receivables from Exchange Transactions

The statement of financial position also reflects long term receivables from exchange transaction balance of Kshs.220,761,066. However, supporting schedule showing the opening balances and movements during the year was not provided for audit.

In the circumstances, the accuracy and fair statement of long-term receivables from exchange transaction balance of Kshs.220,761,066 as at 30 June, 2022 could not be confirmed.

5. Revolving Fund

The statement of financial position reflects revolving fund balance of Kshs.240,500,000 which differed with previous year balance of Kshs.244,200,000 resulting to unexplained variance of Kshs.3,700,000.

In the circumstances, the accuracy and fair statement of the revolving Fund balance of Kshs.240,500,000 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bomet County Assembly Car Loan and Mortgage 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual receipts on comparable basis of Kshs.17,500,000 and Kshs.16,461,362 respectively resulting to a deficit of Kshs.1,038,638.

The revenue underperformance affected the planned activities and may have impacted negatively on service delivery to the Scheme members.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Loan Cleared without Discharge Certificate

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.220,761,066 out of which loans amounting to Kshs.133,650,802 issued to thirty-eight (38) Members of the County Assembly were cleared without loan discharge certificates contrary to Section 23(1)(2)(3) of Bomet County Assembly Car Loan and Mortgage Fund Regulations, 2021, which provides that upon full repayment of the car loan or mortgage the Officer administering the fund shall issue a loan discharge certificate and discharge of charge as appropriate which shall release the Member of the Scheme from any further financial obligation in respect of the loan.

In the circumstances, the Management did not comply with the Fund Regulations.

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 sections of my report, I confirm that, nothing 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 Security for Mortgage Loans Granted

Records provided for audit revealed that Car and Mortgage Loans balances of Kshs.144,450,000 issued to Scheme Members were not secured through a charge registered on the properties financed or joint ownership in the case of motor vehicles. Further, no mortgage protection or fire policies were taken by beneficiaries from approved insurance firms in breach of the Fund Regulations.

In the circumstances, the scheme funds are exposed to losses in the event of default or death due to lack of a security, mortgage protection and fire policy.

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Funds' ability 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 its 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 control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 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 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 March, 2023

Report of the Auditor-General on Bomet County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2022

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

13. 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	9,500,000	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	6,961,362	6,212,253
Other Income	5	-	-
Total Revenue		16,461,362	6,212,253
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	16,177,224	941,694
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	17,880	36,277
Total Expenses		16,195,104	917,971
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		266,258	5,234,282

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 23/01/2023 and signed by:



.....
Isaac Kitur
Administrator of the Fund



.....
Geoffrey Maritim
Fund Accountant
ICPAK Member Number:12685

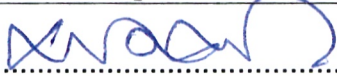
Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position as at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	20,339,056	37,033,521
Current Portion of Long- Term Receivables From Exchange Transactions	12	17,130,819	60,431,149
Prepayments	13	-	-
Inventories	14	-	-
Total		37,469,875	97,464,670
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	220,761,066	164,200,013
Total Assets		258,230,941	261,664,683
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			
Revolving Fund		240,500,000	244,200,000
Reserves		-	-
Accumulated Surplus		17,730,941	17,464,683
Total Net Assets and Liabilities		258,230,941	261,664,683

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 23/01/2023 and signed by:

**Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**



Isaac Kitur
Administrator of the Fund



Geoffrey Maritim
Fund Accountant
ICPAK Member Number:12685

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

15. 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	241,000,000	-	12,230,401	253,230,401
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	56,000,000	-	5,234,282	61,234,282
Transfers	-	-	-	-
Transport Facilitation Allowance	(52,800,000)	-	-	(52,800,000)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	244,200,000	-	17,464,683	261,664,683
Balance As At 1 July 2021	244,200,000	-	17,464,683	261,664,683
Surplus/(Deficit) For the Period		-	266,258	266,258
Funds Received During the Year	20,500,000	-	-	20,500,000
Transport Facilitation Allowance	(24,200,000)	-	-	(24,200,000)
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	240,000,000	-	17,730,941	258,230,941

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 23/01/2023 and signed by:



Isaac Kitur
Administrator of the Fund



Geoffrey Maritim
Fund Accountant
ICPAK Member Number:12685

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

16. Statement of Cash Flows for The Year Ended 30 June 2022

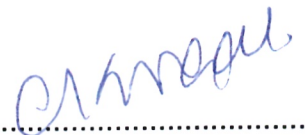
	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		9,500,000	-
Interest received		6,961,362	6,212,253
Receipts from other operating activities		-	-
Total receipts		16,461,362	6,212,253
Payments			
Fund administration expenses		-	-
General expenses		16,177,224	941,694
Finance cost		17,880	36,277
Total Payments		16,195,104	977,971
Net cash flows from operating activities	21	266,258	5,234,282
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		45,041,028	57,253,067
Loan disbursements paid out		(58,301,751)	(127,609,128)
Transport Facilitation Allowances		24,200,000	-
Net cash flows used in investing activities		(37,460,723)	(70,356,061)
Cash flows from financing activities			
Proceeds from revolving fund receipts		20,500,000	56,000,000
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		20,500,000	56,000,000
Net increase/(decrease) in cash & cash Equivalents		(16,694,464)	(9,121,779)
Cash and cash equivalents at 1 July	11	37,033,521	46,155,300
Cash and cash equivalents at 30 June	11	20,339,056	37,033,521

Bomet County Assembly Car loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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 23/01/2023 and signed by:



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**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

17. Statement of Comparison of Budget and Actual Amounts for The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	9,500,000	-	9,500,000	9,500,000	-	-
Interest Income	8,000,000	-	8,000,000	6,961,362	(1,038,638)	12
Other Income	-	-	-	-	-	
Total Income	17,500,000	-	17,500,000	16,461,362	1,038,638	12
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	17,440,000	(-)	17,440,000	16,177,224	1,262,776	7.2
Finance Cost	60,000	(-)	60,000	17,880	42,120	70.2
Total Expenditure	17,500,000	(-)	17,500,000	16,195,104	1,304,896	7.4
Surplus For The Period	-	-	-	266,258	-	-



Isaac Kitur
Administrator of the Fund



Geoffrey Maritim
Fund Accountant
ICPAK Member Number:12685

18. Notes to the Financial Statements

1. General Information

Bomet County Assembly Car loan and Mortgage Scheme Fund is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by Bomet County Assembly and is domiciled in Kenya. The entity's principal activity is to give loans to staff and members of the County Assembly.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	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.

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 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 County Assembly on 28 June 2020. There was no subsequent revisions or additional appropriations made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 1 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary of Significant Accounting Policies (Continued)

f) 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.

g) Provisions

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

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

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

Contingent liabilities

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

Summary of Significant Accounting Policies (Continued)

Contingent assets

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

h) Nature and purpose of reserves

The Assembly doesn't create and maintains reserves in terms of specific requirements.

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.

i) 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.

j) 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.

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) Comparative figures

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

o) Events after the reporting period

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

p) Ultimate and Holding Entity

The entity is a County Public Fund established by Bomet County Assembly Regulation 2022. Its ultimate parent is the County Government of Bomet.

q) Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. There were no additional disclosure .

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

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

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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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	9,500,000	-
Payments By County On Behalf Of The Entity	-	-
Total	9,500,000	-

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 Loans	6,636,797	4,973,869
Interest Income From Car Loans	324,565	1,238,384
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	6,961,362	6,212,253

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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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 (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	641,694
Postage And Courier	-	-
Printing And Stationery	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Fringe Benefit	16,177,224	-
Total	16,177,224	941,694

8. Depreciation and Amortization Expense

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

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Charges	17,880	36,277
Interest On Loans From Banks	-	-
Total	17,880	36,277

10. Gain/(loss) on disposal of assets

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

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bomet County Assembly Car Loan Account	1,529,401	-
Bomet County Assembly County Mortgage Account	2,482,886	-
Fund Account	16,326,769	37,033,521
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	20,339,056	37,033,521

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			
Access Bank	0170130000003	16,326,768	37,033,521
Sub- Total		16,326,768	37,033,521
b) Car Loan			
Family Bank	084000024314	1,529,401	-
Sub- Total		1,529,401	-
c) Mortgage			
Access Bank	084000024313	2,482,886	-
Sub- Total		2,482,886	-
Grand Total		20,339,056	37,033,521

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	17,130,819	60,431,149
Other Exchange Debtors	-	-

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Less: Impairment Allowance	-	-
Total Current Receivables	17,130,819	60,431,149
Non-Current Receivables		
Long Term Loan Repayments Due	220,761,066	164,200,013
Total Non- Current Receivables	220,761,066	164,200,013
Total Receivables From Exchange Transactions	237,891,885	224,631,162

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	-	-
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	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
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	-	-

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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 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

Bomet County Assembly Car Loan and Mortgage Scheme Fund
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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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)	-	-	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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 Xxx Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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:

	Total amount Kshs	Fully performin g 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)

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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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.

	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.

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

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

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

i. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

**Bomet County Assembly Car loan and Mortgage Scheme Fund
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19. Progress On Follow Up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Review of loan records revealed that Kshs 223,793 was disbursed to thirty seven MCAs and twenty eight staff without security being charged.	The MCA for the second Assembly has cleared their loans.	Resolved	
2.0	Undisclosed and unresolved prior year audit matters	The issues has been resolved .	Resolved	