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REPORT

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CLERK AT THE TABLE	Ms. Mercy Adijabatou	

OF

THE AUDITOR-GENERAL

ON

**NYANDARUA COUNTY CIVIL SERVANTS' CAR
LOAN AND MORTGAGE SCHEME FUND**

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



**COUNTY GOVERNMENT OF NYANDARUA
NYANDARUA COUNTY CIVIL SERVANT CAR LOAN AND MORTGAGE FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.

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1. KEY NYANDARUA COUNTY CIVIL SERVANT CAR LOAN AND MORTGAGE SCHEME FUND INFORMATION AND MANAGEMENT

a) Background information

Nyandarua County Civil Servants' Car Loan & Mortgage Scheme Fund was established by and derives its authority and accountability from Public Finance Management Act, 2012 and regulations, 2015.


The objective and purpose and is to provide a Car loan and mortgage scheme for the acquisition of a Motor vehicle or property by a member of the scheme

The Fund's principal activity is to provide avenue through which staff would easily and affordably acquire properties thereby transforming their livelihoods.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to grant Car and Mortgage Loans to Civil Servants.

c) Fund Administration Committee



Juvenalis Gitau Thiong'o
Chief Officer –Finance

He hold Master's Degree in Business Administration (Finance option), CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager. He has 20 years work experience. He was born on 14th December 1977.



Ms Teresa K. Njeru

Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957




Mr. Joseph Wahome

He is a holder of Master degree in Business Administration, CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as a deputy director finance. He has over 17 years' experience as a senior accountant. He was born on 02/01/1974




Mr. Nelson Kimilu

He is a holder of Master degree in Business Administration, and Bachelor Business Administration. He has worked on private sectors as Time Lecturer Maseno University and Kenya Methodist University and Marketing & Public Relation Manager. He has over 17 years. He was born on 25 November 1982




Mr. Philip Kingori
He is a holder of MBS procurement & logistics, and Bachelor degree of arts in supplies.
He has 21 years working experience in procurement. He was born On 20th August, 1966

d) Key Management



Ms Tesesa K Njeru
Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



Margaret Gachomo
Fund Accountant,
She is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.

**Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Director Internal Audit	Antony Mutuga Mbogo

f) Registered Offices

County Government of Nyandarua
Headquarter Building
P.O. Box 701-20303
Ol Kalou, KENYA

g) Fund Contacts

Telephone: (254) 20266859
E-mail: info@nyandarua.go.ke
Website: www.nyandarua.go.ke

h) Fund Bankers

1. Family Bank
Ol kalou Branch
P.O Box 74145-00200
Nairobi, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

The County Attorney
Nyandarua County Headquarters
P.O. Box 701-20303
Olkalou, Kenya

2. FUND ADMINISTRATION COMMITTEE



Juvenalis Gitau Thiong'o
Chief Officer –Finance

He hold Master's Degree in Business Administration (Finance option), CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager. He has 20 years work experience. He was born on 14th December 1977.



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Mr. Joseph Wahome

He is a holder of Master degree in Business Administration, CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as a deputy director finance. He has over 17 years' experience as a senior accountant. He was born on 02/01/1974

3. STATEMENT OF PERFORMANCE AGAINST 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 of the fund shall prepare Financial statements in respect to the fund in formats prescribed by the Public Sector Accounting Standards Board. The Accounting Officer shall include in the financial statements, the funds' performance against predetermined objectives.

The objective and purpose and is to provide a Car loan and mortgage scheme for the acquisition of a Motor vehicle or property by a member of the scheme

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
County Civil Servants' Car Loan & Mortgage	The objective and purpose and is to provide a Car loan and mortgage scheme for the acquisition of a Motor vehicle or property by a member of the scheme	Motivated staff	Staff turnover ratio/rate	Total number of loans issued in the FY 2020/21 amounted to 124,630,000. The number of beneficiaries Were 43 and the repayments Within the year amounted to Ksh.27, 858,388.

4. MANAGEMENT TEAM



Ms Teresa K. Njeru

Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



**Margaret Gachomo
Fund Accountant,**

She is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

County Government of Nyandarua Car Loan & Mortgage Fund was established through approval of the County Assembly. The Funds derives their authority and accountability from PFM Act, 2012 and regulations, 2015.

The Fund was established as Revolving Fund with the annual enhancement from the Executive Budget and appropriations by the County Assembly and is based on projected credit needs and the number of staff.

The County Treasury prepared the budget for 2020/21 in accordance with section 135 of the PFM Act and later submitted to the County Assembly for considerations and approval. The budget was approved paving way for expenditure. The fund received an allocation Kshs. 60,000,000 in the budget which was not altered in the supplementary budget.

The Nyandarua County Civil Servants Car Loan & Mortgage recorded an increase on long-term receivable to Kshs. 263,174,346 from Kshs. 165,191,688.

We are confident that the growth will be maintained into the future.


.....
Mr. Juvenalis Gitau Thiong'o
Fund Chairman

Date... 5/11/21..

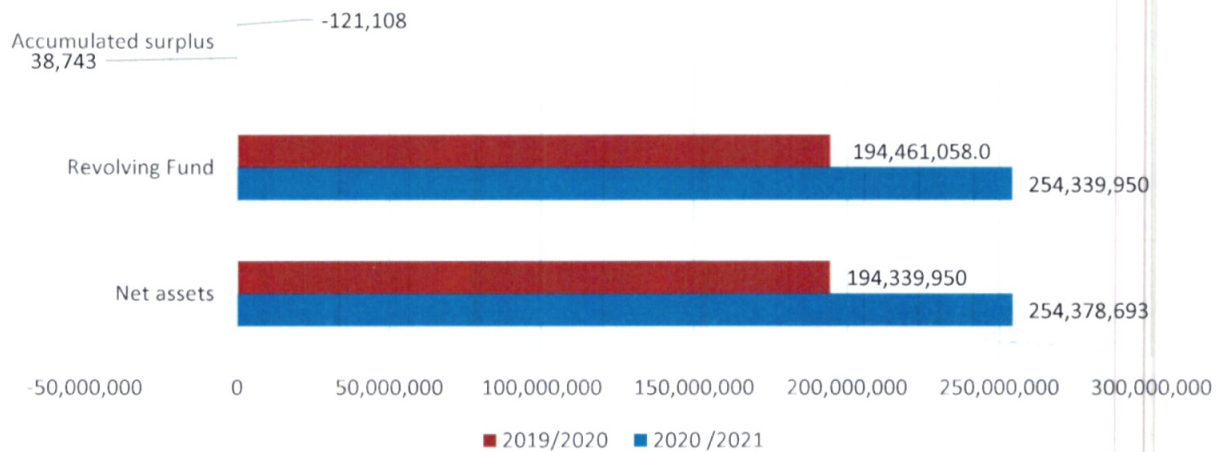
**Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

6. REPORT OF THE FUND ADMINISTRATOR

In the FY 2020/2021, the County Assembly approved the Budget which appropriated Kshs. 60 Million to the fund. Interest income for the FY 2020/2021 surplus for the year amounted to KShs38, 743 as compared to a deficit of Kshs. 121,108 for the Financial year ended 30th June 2020.

In the financial year ended 30th June, 2021, the fund had a net assets of Kshs. 254,378,693 compared to Kshs. 194,339,950 for the year ended 30th June 2020.

FINANCIAL POSITION



We are confident that the fund will sustain the impressive performance to the future which is prerequisite in meeting its goals and objectives of providing affordable loan products to the staff.

**Teresa K Njeru
Administrator to the Fund**

7. CORPORATE GOVERNANCE STATEMENT

The roles and functions of the Fund are as stipulated in the Nyandarua County Civil Servants' Car Loan & Mortgage Scheme Fund Act while the remuneration to the Committee is as per the provisions of the Salaries and Remuneration Committee.

In administration of the fund, the main challenge is the low allocation of the fund as compared to the high number of staff who are in dire need of the mortgage. The management of the fund has a list of all applicants. The disbursement of the fund is done as per the application sequence. Going forward, there is need to enhance the allocation of the fund to attract a large number of beneficiaries.

To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare where is.

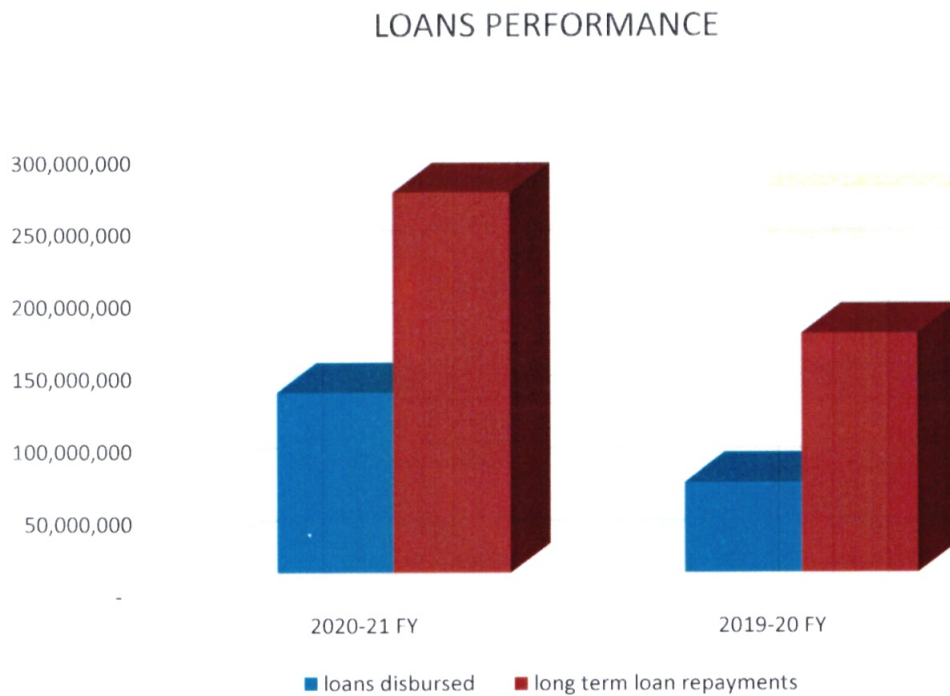
8. MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Fund was guided by the PFM Act and regulations and the Act of the Asset on which the Fund is anchored to.

The fund management was guided by the PFM Act and regulations to govern its operations and comply with disbursement policies.

As at 30th June, 2021, long term loan repayments due were Kshs. 263,174,346 against Kshs. 165,191,689 for the year ended 30th June 2020.

During the financial year, Kshs. 124,630,000 was disbursed against Kshs. 62,500,000 disbursed in the FY 2020/2021 as is illustrated in the chart above. This is indicative of growth in fund allocation and disbursement.



9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nyandarua County Civil Servants' Car Loan & Mortgage Scheme Fund exists to motivate staff to reduce rate of staff turnover thus retaining skills in the labour force. Also, by offering loans at subsidized rates, it reduces strain for staff when taking up projects for personal development. Key factors on which the disbursement of the loans is anchored to:

1. Sustainability strategy and profile -

The Revolving Fund sustainability is assured through the existence of Fund Managers/Administrators – Family Bank who ensure that the loans taken up by staff act as collaterals whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the 1/3rd rule. A proportion of the Income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

2. Employee welfare

Employee welfare is essential for sustainability in the implementation of County Programmes and projects. Disbursement of the loans at the favourable rates allow for personal development whilst removing hurdles that limit their disposable income.

10. 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, 2021, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund is to grant car loans and mortgage loans to civil servants of Nyandarua County.

10.2 Performance

Performance of the Fund for the year ended June 30, 2021, are set out on page 19

10.3 Trustees

The members of the Administration Committee who served during the year are shown on page 6. The changes in the Committee during the financial year are as shown below:

Chairman	Chairman changed from Muigai Wainaina to Juvenalis Gitau Thiong'o
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10.4 Auditors

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

By Order of the committee



.....
Mr. Juvenalis Gitau Thiong'o

Fund Chairman

Date... 5/11/21

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Section 116 of the PFM Act, 2012* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector

Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirms 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.

**Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

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

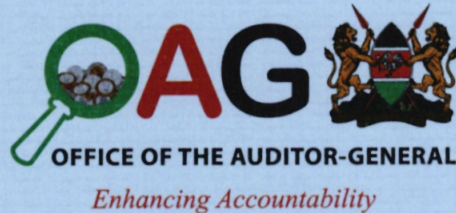
The Fund's financial statements were approved by the committee on 5th November 2021 and signed on its behalf by:



Teresa K Njeru
Administrator to the 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 NYANDARUA COUNTY CIVIL SERVANTS' CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

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 Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund set out on pages 19 to 69, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows

Report of the Auditor-General on Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund Regulations, 2015.

Basis for Qualified Opinion

1.0. Unsupported Fund Administration Expenses

The statement of financial performance reflects interest income totalling to Kshs.1,163,523 for the year ended 30 June, 2021. However, the computation schedule indicating the principal amounts and how the interest was arrived at was not provided for audit review.

In the circumstances, the accuracy and completeness of interest income of Kshs.1,163,523 could not be confirmed.

2.0. Misstatement of Interest Expense

The statement of financial performance reflects fund administration expenses amount of Kshs.1,119,500 for the year ended 30 June, 2021 in respect of committee allowances. However, the amount was not supported by names of committee members, appointment letters, rate of payout, number of sittings and minutes of meetings.

In addition, the Fund Administrator deducted at source 2.5% of gross interest as administration expenses. However, the amount deducted has not been disclosed in the financial statements as an expense.

In the circumstances, the accuracy and completeness of the fund administration expenditure of Kshs.1,119,500 could not be confirmed.

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

The statement of financial position reflects a Nil balance for current portion of long-term receivables as at 30 June, 2021. However, the balance is not supported by a detailed schedule showing the opening balance, additions for the year or repayments to arrive at the closing Nil balance.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables of Nil balance as at 30 June, 2021 could not be confirmed.

4.0. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.263,174,347 as at 30 June, 2021. However, no separation has been made for the current portion to be recovered in the next twelve months as required by IPSAS 1 on presentation of financial statements.

In the circumstances, the accuracy and completeness of long-term receivables from exchange transactions balance of Kshs.263,174,347 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyandarua County Civil Servants 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Non-Adherence to Administration Expenditure Limit

The statement of financial performance for the year ended 30 June, 2021 reflects total revenue balance of Kshs.1,163,523 against Fund's Administration expenses of Kshs.1,119,500 or (96%) of the income. This is contrary to Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the administration costs of the Fund shall be set at a maximum of three (3%) percent of the approved budgets of the Fund.

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

2.0 Issuance of Loans to Staff with Overcommitted Salaries

The statement of cash flows for the year ended 30 June, 2021 reflects loan disbursements balance of Kshs.124,630,000 out of which, an amount of Kshs.52,000,000 was issued to sixteen (16) scheme members in respect of car and

mortgages loans. However, the loans were issued to members who had overcommitted their salaries contrary to clause C.1(3) of the Human Resource Policies and Procedures Manual for Public Service which states that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries.

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

3.0 Loan Refinancing or Buy Offs

The statement of cash flows for the year ended 30 June, 2021 reflects loan disbursements balance of Kshs.124,630,000 out of which, an amount of Kshs.37,130,000 was issued to eleven (11) members in respect of loan refinancing or buy offs. However, the Fund Regulations do not have any provisions on loan refinancing or buy offs.

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 matters 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

1.0 Non-Maintenance of Manual or Electronic Accounting Records

The Fund Management did not maintain a complete set of accounting records in manual or electronic form during the year, instead excel workbook for cash book was maintained without an audit trail. This was in breach of Regulation 102(1) of the Public Finance Management (County Governments) Regulations, 2015 that require financial records to be maintained on manual or electronic form.

In the circumstances, the Fund's financial reporting and operations internal control system was not functioning as intended during the year under review.

2.0 Lack of a Risk Management and Fraud Policy

The Fund Management did not provide for audit review, a Risk Management and Fraud Policy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance

Management (County Governments) 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 Fraud 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.

3.0 Establishment of Multiple Funds

As reported in the previous year, the Loans Management Committees of both Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund, and that of Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund held joint meetings at which the business of the two Funds was transacted. This implies that there is no justification in setting up Multiple Funds, as provided by Regulation 197(1)(c) of the Public Finance Management (County Government) Regulations, 2015 which states that a clear justification is required as to why a Fund structure is deemed appropriate for improved service delivery in light of the legislative and policy mandate of the County Government entity.

As a result, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

22 July, 2022

Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
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For the year ended June 30, 2021.

13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.

	Note	2020/2021	2019/2020
		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	1,163,523	1,134,434
Other income	5		
		1,163,523	1,134,434
Total revenue			
Expenses			
Fund administration expenses	6	1,119,500	1,246,100
General expenses	7	5,280	9,442
Finance costs	8		
Total expenses		1,124,780	1,255,542
Other gains/losses			
Gain/loss on disposal of assets	9		
Surplus/(deficit) for the period		38,743	-121,108

The notes set out on page 46 to 57 form an integral part of these Financial Statements.

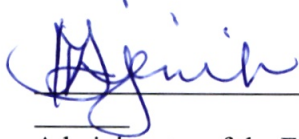
Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	10	22,530,122	27,937,215
Current portion of long- term receivables from exchange transactions	11	-	1,211,047
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		22,530,122	29,148,262
Non-current assets			
Long term receivables from exchange transactions	11	263,174,347	165,191,688
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		263,174,347	165,191,688
Total assets		285,704,469	194,339,950
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	31,325,776	-
Provisions	18	0	-
Current portion of borrowings	19	0	-
Employee benefit obligations	20	0	-
		31,325,776	0
Non-current liabilities			
Long term portion of borrowings	19	0	-
Non-current employee benefit obligation	20	0	-
Total liabilities		31,325,776	0
Net assets		254,378,693	194,339,950
Revolving Fund		254,339,950	194,461,058
Reserves			0
Accumulated surplus		38,743	-121,108
Total net assets and liabilities		254,378,693	194,339,950

**Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
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For the year ended June 30, 2021.**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyandarua County Civil Servant car loan and Mortgage Scheme Fund financial statements were approved on 5/11/ 2021 and signed by:



Administrator of the Fund
Name: Teresa K Njeru



Fund Accountant
Name: Margaret Gachomo
ICPAK Member No: 14009

Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
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 For the year ended June 30, 2021.

13.1 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	134,461,058	-	-	134,461,058
Surplus/(deficit) for the period	-	-	-121,108	-121,108
Funds received during the year	60,000,000	-	-	60,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	194,461,058	-	-121,108	194,339,950
			-	
Balance as at 1 July 2020	194,339,950	-	-	194,339,950
Surplus/(deficit) for the period	-	-	38,743	38,743
Funds received during the year	60,000,000	-	-	60,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	254,339,950	-	38,743	254,339,950

Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
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13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government			
Interest received	4	1,163,523	1,134,434
Receipts from other operating activities			
Total Receipts		1,163,523	1,134,434
Payments			
Fund administration expenses	6	1,119,500	1,246,100
General expenses	7	5,280	9,442
Finance cost			
Total Payments		1,124,780	1,255,542
Net cash flows from operating activities		38,743	-121,108
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			
Proceeds from sale of property, plant and equipment			
Proceeds from loan principal repayments		27,858,388	12,480,645
Loan disbursements paid out		-124,630,000	-62,500,000
Net cash flows used in investing activities		96,771,612	50,019,355
Cash flows from financing activities			
Proceeds from revolving fund receipts	2	60,000,000	60,000,000
Additional borrowings	17	31,325,776	
Repayment of borrowings			
Net cash flows used in financing activities		91,325,776	60,000,000
Net increase/(decrease) in cash and cash equivalents		-5,407,093	9,858,537
Cash and cash equivalents at 1 JULY 2020	10	27,937,215	18,077,678
Cash and cash equivalents at 30 JUNE 2021	10	22,530,122	27,937,215

Nyandarua County Civil Servant Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021.

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	
Public contributions and donations	-	(-)	-	-	-
Transfers from County Govt.	0	(-)	0	0	0%
Interest income	1,320,000	(-)	1,320,000	1,163,523	88.15%
Other income	-	(-)	-	-	0%
Total income	1,320,000	(-)	1,320,000	1,163,523	88.15%
Expenses					
Fund administration expenses	1,314,000	-	1,314,000	1,119,500	85.19%
General expenses	6000	(-)	6,000	5,280	88%
Finance cost	-	(-)	-	-	0%
Total expenditure	1,320,000	(-)	1,320,000	1,124,780	85.2%
Surplus for the period	-	-		38,743	

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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For the year ended June 30, 2021.**

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

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

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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund’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 2022</p>

Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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Standard	Effective date and impact:
	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund;</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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund did not early – adopt any new or amended standards in year 2021.

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 30th June 2021. There was no Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations are added to the original budget by the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund upon receiving the respective approvals in order to conclude the final budget.

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund'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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 19 of these financial statements.

5. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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.

6. 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

7. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Nyandarua County Civil Servant car loan and Mortgage Scheme Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Nyandarua County Civil Servant carloan and Mortgage Scheme Fund of financial assets is impaired. A financial asset or a Nyandarua County Civil Servant car loan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

8. 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund.

9. Provisions

Provisions are recognized when the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Nature and purpose of reserves

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund creates and maintains reserves in terms of specific requirements. Nyandarua County Civil Servant carloan and Mortgage Scheme Fund to state the reserves maintained and appropriate policies adopted.

11. Changes in accounting policies and estimates

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

12. Employee benefits – Retirement benefit plans

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Nyandarua County Civil Servant carloan and Mortgage Scheme Fund pays fixed contributions into a separate Nyandarua County Civil Servant carloan and Mortgage Scheme Fund (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.

13. 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

Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

14. 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.

15. Related parties

The Nyandarua County Civil Servant car loan and Mortgage Scheme Fund regards a related party as a person or an Nyandarua County Civil Servant car loan and Mortgage Scheme Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Nyandarua County Civil Servant car loan and Mortgage Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors/Trustee, the Fund Managers and Fund Accountant.

16. 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 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.

17. Comparative figures

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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. Events after the reporting period

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

19. Ultimate and Holding Nyandarua County Civil Servant carloan and Mortgage Scheme Fund

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund is a County Public Fund established by PFM Act, 2012 and regulations, 2015 , under the Department of Finance. Its ultimate parent is the County Government of Nyandarua.

20. Currency

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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

The preparation of the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund'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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund. 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund
- 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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17.

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.

22. 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 Nyandarua County Civil Servant car loan and Mortgage Scheme Fund's management based on prior experience and their assessment of the current economic environment.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The carrying amount of financial assets recorded in the financial statements representing the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	166,402,735	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	27,937,215	-	-	-
Total	194,339,950	-	-	-
At 30 June 2020				
Receivables from exchange transactions	263,174,347	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	22,530,122	-	-	-
Total	285,704,469	-	-	-

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 Nyandarua County Civil Servant car loan and Mortgage Scheme Fund 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund's short, medium and long-term funding and liquidity management requirements. The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund'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 Nyandarua County Civil Servant carloan and Mortgage Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund 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.

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund'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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

Interest rate risk is the risk that the Nyandarua County Civil Servant carloan and Mortgage Scheme Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund'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 0 (2021: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2020 – KShs 0)

f) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Nyandarua County Civil Servant carloan and Mortgage Scheme Fund capital structure comprises of the following funds:

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	91,325,776	-
Accumulated surplus	38,743	(121,108)
Total funds	91,364,519	(121,108)
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

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

2. Transfers from County Government(Capital Injection)

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operationsCapital injection		-
Transfer from NyandaruaCounty Executive Members’ Car loan And Mortgage Scheme Fund		-
Total		-

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	1,163,523	1,134,434
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	1,163,523	1,134,434

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

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

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	1,119,500	1,246,100
Total	1,119,500	1,246,100

6A. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	2020/2021	2019/2020
	KShs	KShs
Covid 19 responses	-	-
Fire disasters	-	-
Fuel and oil costs	-	-
Grants and subsidies	-	-
Road accidents	-	-
Locust Eradication	-	-
Repair and Maintenance	-	-
Stationary and branding	-	-
Bank Charges	5,280	9,442
Hospitalization/Burial assistance	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	5,280	9,442

8. Finance costs

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

9. Gain/(loss) on disposal of assets

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

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	22,530,122	27,937,215
Others	-	-
Total cash and cash equivalents	22,530,122	27,937,215

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

Financial institution	Account number	2020/2021	2019/2020
		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		-	-
c) Current account			
Family bank	037000011607	22,530,122	27,937,215
Equity Bank		-	-
Sub- total		22,530,122	27,937,215
d) Others(specify)			
Cash in transit			-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		22,530,122	27,848,863

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	1,211,047
Less: impairment allowance	(-)	(-)
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	263,174,347	165,191,688
Total Non- current receivables	263,174,347	-
Total receivables from exchange transactions	263,174,347	166,402,735

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	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	-	-

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County Executive	-	-
Transfer from county Fund	-	-
Total receivables from non-exchange transactions	-	-

13. Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments	-	-
Total	-	-

14. Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories	-	-
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 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2021	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2019	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2020	-	-	-	-	-
At 1st July 2020					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-
At 30th June 2021	-	-	-	-	-
Net book values					
At 30th June 2020	-	-	-	-	-
At 30th June 2021	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021	2019/2020
	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	2020/2021	2019/2020
	KShs	KShs
Trade payables	31,325,776	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	31,325,776	-

18. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2020/2021	2019/2020
	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:

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	38,743	-121,108
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	38,743	-121,108

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related party balances

a) Nature of related party relationships

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties ⁷	-	-
Transfers to related parties	-	-

c) Key management remuneration

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

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d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

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

23. Contingent assets and contingent liabilities

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

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15. 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)	Tim frame
1.0	<p>Presentation and Disclosure in Financial Statements</p> <p>The financial statements for the year ended 30 June 2020 submitted for audit review had the following presentation anomalies: -</p> <ul style="list-style-type: none"> i. Cover page of the financial statements has header which should be deleted. ii. Pages 1, 16, 17 and page 18 have no headers iii. At page 2, the address of independent auditors is erroneously labelled as Kenya National Audit Office instead of Office of the Auditor General. iv. The foot note on the statement of financial performance for the year ended 30th June 2020 states that the notes are set out on pages 35 to 49 instead of 36 to 48. 	<ul style="list-style-type: none"> i. Error rectified as per the amended Financial Statement. ii. Error rectified as per the amended Financial Statement. iii. Error rectified as per the amended Financial Statement. iv. Error rectified as per the amended Financial Statement. V. Error rectified as per the amended Financial Statement. Vi. Error rectified as per the amended Financial Statement. 	Await certificate	

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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	<p>v.The numbering of the notes to the financial statements do not match what is indicated against balances in the financial statements. Management Responses</p> <p>vi.The name of the Fund Accountant who has signed the statement of financial position at page 16 is not indicated. Management Responses</p> <p>Vii. The budget information at page 24 has indicated xxx instead of actual information. Management Responses</p>	<p>vii. Error rectified as per the amended Financial Statement.</p>		
<p>2.0</p>	<p>Interest income</p> <p>The statement of financial performance for the year ended 30 June 2020 reflects interest income of Kshs.1, 134,434. However, examination of the bank statements of the Fund Account No. 037 000 001 1607 at Family Bank shows that on 31 December 2019 the Fund earned interest of Kshs.465, 027 from un-utilized deposits, which has not been disclosed in the financial Statements. Further, the Fund charges an interest of 0.5% on loans, contrary to Regulation 15(1) of the Nyandarua County Civil Servants' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2016 which states that the interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance.</p>	<p>See the Amended financial statement note 4, error rectified.</p> <p>Further, The fund charges three per centum per annum on a monthly reducing balance as per Regulation 15(1) of the Nyandarua County Civil Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2015 monthly reducing balance. Fund administration agreement between the fund administrator(Family bank)and the Nyandarua county as stipulated in section 5.5 ,2.5% goes to fund administrator(Family bank) and 0.5% is retained in the fund .See Annex 1</p>	<p>Await certificate</p>	

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	Consequently, the accuracy and completeness of the interest income of Kshs.1, 134,434 for the year ended 30 June, 2020 could not be confirmed.			
3.0	<p>Fund Administration Expenses</p> <p>The statement of financial performance for the year ended 30 June 2020 reflects fund administration expenses of Kshs.1,246,100 which was paid as sitting allowances to the loan management committee during six sittings. However, the schedule supporting the expenditure did not specify the dates of the meetings for which the allowances were paid. Further, the schedules for payment had a total of 10 names, which contravenes Regulation 6 (1) of the Nyandarua County Civil Servants' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2016 which states that the membership of the Loans Management committee shall consist of 5 persons, namely, the Chief Officer for Finance (Chairperson), Chief officer Lands, Head of Human Resource, Head of Procurement and an officer gazetted by the CEC for Finance as the officer administering the fund.</p> <p>Consequently, the occurrence and validity of the expenditure amounting to Kshs.1,246,100 in respect of fund administration expenses for the year ended 30 June 2020 could not be confirmed.</p>	The schedule for payments comprised number of meetings attended as per the dates specified in the minutes attached, further regulation 2015 stipulate insec6 (3)that the committee may co-opt such staff to attend its meetings.(See annex ii)	Await certificate	

APPENDIX I: INTER-NYANDARUA COUNTY CIVIL SERVANT CARLOAN AND MORTGAGE SCHEME FUND TRANSFERS

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4.0	<p>Unsupported Mortgage Funds</p> <p>The statement of cashflows for the year ended 30 June 2020 reflects loan disbursements paid out of Kshs. 62,500,000. Out of the amount, Kshs.33, 500,000 was disbursed to 11 Nos members in mortgage financing. However, the disbursements were not supported by relevant documents which include copies of sale agreement, search documents for plots and title deed, designs, and bills of quantities. This is in violation of Regulation 11 (1) of the Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund Regulations, 2016 which states that a loan application under these regulations shall be accompanied by a certified copy of relevant documents, including copies of designs, bills of quantities, search documents for plots and title deed. Consequently, the accuracy and validity of the loan disbursements paid out of Kshs.33, 500,000 in respect of mortgage financing for the year ended 30 June 2020 could not be confirmed.</p>	S/N	Name	Type of Loan	Loan Amount Kshs.	Responses	Await certificate
		1	Joseph Kihara Muiruri	Plot Purchase	1,500,000	This was a plot purchase and the Copies of the designs & Bills of Quantities are not a requirement while applying for the plot purchase loan.	
		2	Sammy Wachira Ngugi	Plot Purchase	1,500,000	This was a plot purchase and the Copies of the designs & Bills of Quantities are not a requirement while applying for the plot purchase loan.	
		3	Humphrey Mungai Njenga	Mortgage Loan & Purchase of a Plot	3,200,000	See the copies of Title for the plot to be purchased. Search for the land to be purchased. (Annex iii).	
		4	Erick Onyango Ayayo	Mortgage Refinancing - Developing Plot	3,500,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing. (Annexed i)	
		5	Beatrice Nyambura Wanjohi	Mortgage Refinancing	2,600,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing.	
		6	Jessee Masai Lukorito	Land Acquisition & Building	3,500,000	See the Copies of the designs.(Annexed iii)	

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		7	Gabriel Githinji Kimot ho	Mortgage Refinancing	4,000,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing. (.Annexed i)			
		8	John Mwangi Maina	Mortgage Refinancing	4,500,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing. (.Annexed i)			
		9	Vincents Muiri Wambui	Development of Plot - Mortgage Refinancing	3,500,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing as per the approval.(Annexed i).			
		10	Nancy Njeri Thiongo	Mortgage - (House Completion)	2,200,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing. (.Annexed i)			
		11	Francis Mwani Guandaru	Developing & Completion of a Residential House	3,500,000	The loan type was refinancing Copies of the designs & Bills of Quantities were not a requirement while requesting for refinancing. (.Annexed i)			
			Total		33,500,000				
		<p>Under the agreement between the Nyandarua county and fund administrator (Familybank) there are terms and conditions of refinancing. (See annex i. pg. 12&13)</p> <p>The six members were refinancing therefore had their original titles are retained by Fund Administrator (Family bank) as collateral</p>							

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		security. (See Annex ii). The other 2 members see annex iii as per requirement and the other two were purchasing the plot as explained above.		
5.0	<p>Long term Receivables from Exchange Transactions</p> <p>The statement of financial position as at 30 June 2020 reflects long term receivables from exchange transactions of Kshs.165, 191,689. However, the schedule supporting the amount has an opening balance of Kshs.178, 883,380 which differs with the closing balance of Kshs.106, 819,317 in the previous year's financial statements, leading to a variance of Kshs.72, 064,063 which has not been explained.</p> <p>Consequently, the accuracy of the long-term receivables balance of Kshs.165, 191,689 as at 30 June 2020 could not be confirmed.</p>	<p>The Schedule consist of the opening balance, both long-term , current receivables and fund received in the financial year 2019-2020 as the schedule is accruing, the breakdown is as follows;</p> <p>Opening balance long term receivable =106,819,317</p> <p>Opening balance current receivable = 9,564,063</p> <p>Fund received in the year 2019-2020 =62,500,000</p> <p>Closing balance 2019 -2020 <u>178,883,380</u></p> <p>Opening balance2019-2020 178,883,380</p> <p>Add; receivables within the year 62,500,000</p> <p>Less Amount paid within the year (12,480,646)</p> <p>Outstanding balance at year end <u>166,402,735</u></p> <p>Breakdown down for year</p> <p>Long term receivable.....165,191,688</p> <p>Current receivable..... 1,211,047</p> <p>Total Receivables166,402,735</p> <p>The variance of Kshs.72, 064,063 is explained below.</p> <p>Opening balance current receivable = 9,564,063</p> <p>Fund received in the year 2019-2020 =62,500,000</p> <p>72,064,063</p> <p>Therefore the accuracy of the long-term receivable is correct.</p>		

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6.0	<p>Reserves</p> <p>The statement of financial position as at 30 June 2020 reflects total net assets and liabilities of Kshs.194, 339,950 (2019 - Kshs.134, 461,058). However, a re-computation of the total net assets and liabilities gives Kshs.388, 679,900, leading to a variance of Kshs.194, 339,950 which should be explained. Consequently, the accuracy of the total net assets and liabilities of Kshs.194, 339,950 as at 30 June 2020 could not be confirmed.</p>	<p>The statement of Financial position as at 30th June 2020 reflect net asset and liability of ksh 194,339,950 as per the financial position statement as at 30th June 2020 as per the amended Financial Statement</p>														
1 (Other matters)	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts shows that Nyandarua County Civil Servants' Car Loan and Mortgage Scheme Fund had a total expenditure budget of Kshs.1, 255,542 against a total income of Kshs.1, 134,434 as summarized below:</p> <table border="1" data-bbox="331 963 981 1256"> <thead> <tr> <th>Budget</th> <th>Actual Expenditure</th> <th>Variance</th> <th></th> </tr> </thead> <tbody> <tr> <td></td> <td>Kshs.</td> <td>Kshs.</td> <td>Kshs.</td> </tr> <tr> <td>Total income</td> <td>1,134,434</td> <td>1,134,434</td> <td>Nil</td> </tr> </tbody> </table>	Budget	Actual Expenditure	Variance			Kshs.	Kshs.	Kshs.	Total income	1,134,434	1,134,434	Nil	<p>Error rectified See the Amended Financial Statement</p> <p>N/B; i) The county Car and Mortgage fund had approved budget of ksh 60,000,000 without distinguishing the allocation of each fund. The utilization depend on loans applications from any fund. ii) The administration expenses are exceeding with 39.5% which is catered of in the Executive Car and Mortgage fund. iii) The actual total expenditure for both funds is ksh1, 918,361of which the budgeted expenditure$0.03 \times 60,000,000 = 1,800,000$ Exceeding with 6.5%.</p>	Await certificate	
Budget	Actual Expenditure	Variance														
	Kshs.	Kshs.	Kshs.													
Total income	1,134,434	1,134,434	Nil													

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	Fund Administration expenses	1,246,100	1,246,100	Nil			
	General expenses	9,442	9,442	Nil			
	Total expenditure	1,255,542	1,255,542	Nil			
	Deficit	-121,108	-121,108	Nil			
	<p>However, the nil variance between the budget and actual balances for the income and expenditure balances do not appear realistic.</p> <p>Consequently, the statement of comparison of budget and actual amounts for the year ended 30 June 2020 did not reflect the actual position of budget execution.</p> <p>Error rectified See the Amended Financial Statement</p>						
1	<p>Fund Administration Expenses Limit</p> <p>The statement of comparison of budget and actual amount for the year ended 30 June 2020 reflects final budget of total income of Kshs.1, 134,434. The statement also shows that the actual expenditure on fund administration expenses was Kshs.1, 246,100, which is 109% of the income. This is contrary to</p>				<p>Nyandarua county subsidiary reg 15(i,ii) stipulate that the interest chargeable shall be utilized to defray the administrative expenses of the fund. Total interest chargeable is 3% on reducing balance out of which 2.5% goes direct to fund administrator(family bank)(see annex 3).</p>		

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	Regulation 197 (1) (d) of the County Government Financial Regulations which provides that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund. Consequently, the management of the Fund was in breach of the law.	As per Regulation 197 (1) (d) of the County Government Financial Regulations which provides that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund which on our case was ksh 60,000,000 which amount to ksh 1,800,000 of which we had not exceeded. See the approved budget for the car and mortgage funds and the regulation (annex)		
2	<p style="text-align: center;">Over-commitment of Salary</p> <p>The statement of cash flows for the year ended 30 June 2020 reflects loan disbursements paid out of Kshs.62, 500,000. Out of the amount, Kshs.47, 600,000 was disbursed to 16 Nos members in car loans and mortgages. However, a comparison between their net salaries and the required monthly repayment instalment revealed that they were not eligible for the loans due to the provision of clause C.1(3) of the Human Resource Policies and Procedures Manual for Public Service which states that Public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries. Consequently, the management of the Fund was in breach of the law.</p>	The committee through fund Administrator (family bank) before disbursing the loans they first offset any previous loan by the client and therefore the client retains the 1/3 rule of the basic salary as per the documents. All previous outstanding loans are offset or purchased to enable the applicant service new loan appropriately. (Annex IV) prove of previous loan clearances	Await certificate	
	<p>Establishment of multiple Funds</p> <p>During the year under review, it was noted that the loans management committee of both Nyandarua County Civil Servants Car Loan and Mortgage Scheme Fund and that of Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund held joint meetings at which the</p>	The county is in the process of merging the two funds as per request letter to the county attorney. (See annex v)		

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	<p>business of the two Funds was transacted. This implies that there is no justification in setting up multiple funds, as provided by Regulation 197 (1) (c) of the County Government Financial Regulations which states that a clear justification is required as to why a Fund structure is deemed appropriate for improved service delivery in light of the legislative and policy mandate of the county government entity. Consequently, extra cost is incurred in running the Funds as two separate entities.</p>			
	<p>Failure to Develop Risk Management Strategy The Nyandarua Civil Servants’ Car Loan and Mortgage Scheme Fund has not developed risk management strategies. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that ‘the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust business operations. Failure to develop a risk management strategy may impair the effectiveness in managing a robust business operation of the Fund. Consequently, the fund management did not comply with the Law and its effectiveness in handling risks</p>	<p>The county is in the process of developing risk management policy (see annex VI) for the risk management draft</p>		

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NYANDARUA COUNTY CIVIL SERVANT CARLOAN AND MORTGAGE SCHEME FUND NAME:				
Break down of Transfers from the County Executive of Nyandarua County Government				
FY 2020/2021				
a.	Recurrent Grant	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Transfer from executive	25.8.2020	21,013,482	2020-2021
	Transfer from Executive	26.1.2021	10,312,294	2020-2021
	Transfer from recurrent account		30,000,000	2020-2021
	Transfer from recurrent account		30,000,000	2020-2021
		Total	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	

The above amounts have been communicated to and reconciled with the parent Ministry.

Finance Manager

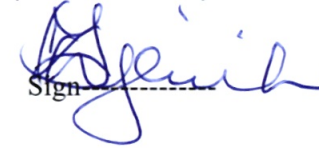
Head of County Treasury at

**Nyandarua County Civil Servant Car Loan And Mortgage Scheme Fund
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Nyandarua county Emergency Fund

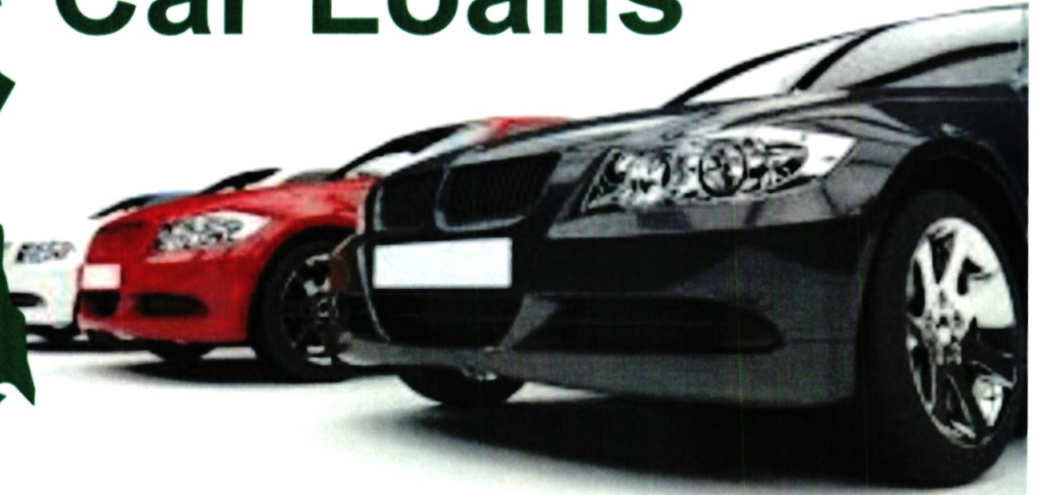
Sign 

Nyandarua County Executive

Sign 



Car Loans



The fund's objective is to facilitate the acquisition of a car or property for Nyandarua County public servants to motivate them and retain the requisite services for the County Public Service.



MORTGAGE SCHEME FUND

