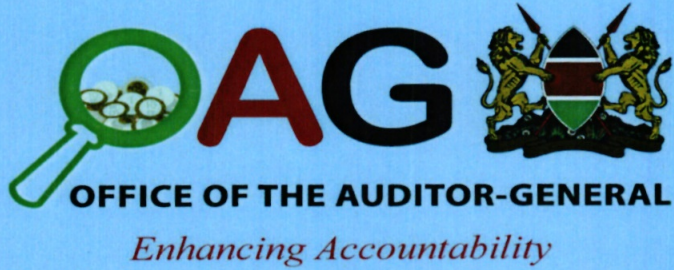


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REPORT

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OF

THE AUDITOR-GENERAL

ON

**KISII COUNTY LOANS AND MORTGAGES
FUND**

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



KISII COUNTY LOANS AND MORTGAGES 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)**

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

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KISII COUNTY LOANS AND MORTGAGES FUND

Reports and Financial Statements

For the year ended June 30, 2021

1. KEY KISII COUNTY LOANS AND MORTGAGES INFORMATION AND MANAGEMENT

a) Background information

Kisii County Loans and Mortgages Fund is established by and derives its authority and accountability from Section 116 (2) of the PFM Act, 2012 on 7th January, 2016. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to advance loans and mortgages to the county executive committee members and employees of the County Government of Kisii.

b) Principal Activities

The fund's objective is to advance Loans and mortgages to the county executive committee members and employees of the County Government of Kisii.

c) Key Management

Ref	Position	Name
1	CEC-Finance	Hon. Moses Onderi
2	County Secretary	Mr. Patrick Lumumba
3	Chief Officer Finance and Accounting Services	Mr. Wilfred Ochengo Auma
4	Fund Accountant	John Nyalaji Nyandanyi

d) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Chief Officer Economic Planning	Mr. Zablon M. Ongori
2	Directorate of Finance Accounting Services	CPA Obwoye Lukio
3	Directorate Internal Audit	CPA Karori Nicodemus

e) Registered Offices

P.O. Box 4550-40200

Municipal Building

Kisii-Keroka RD

Kisii, KENYA

f) Fund Contacts

Telephone: (254) 582030005

E-mail: info@kisii.go.ke

Website: www.kisii.go.ke

KISII COUNTY LOANS AND MORTGAGES FUND
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g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank
SBM Bank
Kisii branch
Telephone : 0202774150
Kisii

h) Independent Auditors

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

i) Principal Legal Adviser

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

KISII COUNTY LOANS AND MORTGAGES FUND

Reports and Financial Statements

For the year ended June 30, 2021

2. THE KISII COUNTY LOANS AND MORTGAGES FUND COMMITTEE

Name	Details of qualifications and experience
Mr. Moses O. Onderi -Chairperson.	Mr. Moses Onderi is CEC the Finance and Economic Planning. Prior to his appointment, he headed the department of Lands, Housing and Physical Planning. He holds a Masters Degree in Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management.
Mr. Timothy Mabeta Kambuni. -Member	Mr. Mr. Timothy Mabeta Kambuni. Is the chief officer administration and corporate services with over 9 years experience in senior Management positions with different institutions. He holds Masters of Commerce from Strathmore University and Bachelors of science in actuarial science from the university of Nairobi. He is Certified Public Accountant (CPAK) and a member of the Institute of Public Accountant Kenya (ICPAK)
Mr. Wilfred O. Auma- Secretary	Mr. Wilfred O. Auma – CO Finance and Accounting services Mr. Wilfred Auma heads the Finance and Accounting Services as a Chief Officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds a Masters Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi AlhilyaVishwavidValaya, Indore and a Higher National Diploma In Finance Analysis from Indian Management Training and Research Institute.
Mr. Chrispnus Ibalai- Chief Finance Officer.-Member	MR. Chrispnus Ibalai is the Chief Finance Officer Born 1979. He holds MBA (Finance) and Bachelors of Commerce both The University of Nairobi. In addition he is CPAK and a member of the Institute of Certified Public Accountant Kenya. He has more than 15 years of experience in various fields of senior management positions.
Mr. Duke Ondari Ongechi-Member	Mr. Duke Ondari Ongenchi is the Director Human Resource. He was born 1963 and holds Bachelor of Arts Degree from the University of Nairobi. He has more than 33years experience in human resource matters. In addition he is member of the IHRM.
Mr.Vincent Ratemo- Member.	Mr. Ratemo is the Secretary to the Public Service Board. He hold MBA (Accounting) and BCOM(Accounting) from both Kisii University. In addition he is CPAK and CPSK with both memberships of the institutes. He has more than 15 year experience in senior management positions.

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

3. STATEMENT OF PERFORMANCE AGAINST FUND'S PREDETERMINED OBJECTIVES

Introduction

Kisii County executive appropriated Kshs 10,000,000 in the approved a budget to Kisii County Loans and Mortgages Fund in the financial year 2020/2021. The fund's budget was later revised downward.

The fund's objective is to advance loans to qualified applicants from the Executive Committee Members and County employee.

During the financial year however, the fund's budget suffered a budget constrained, COVID-19 pandemic, low late of loans and mortgage applicants, posing major challenges for the administrator to fully implement the fund's objects.

Progress on attaining of strategic Development.



Program	Objective	Outcome	Indicator	Performance
Kisii county Loans and mortgages Fund	To advance loans to Executive committee member and county employee	Determining the increased number of applicants who desire to benefit from the funds kitty.	The percentage of applicants who have an interest of loans to be advanced to him or her	Kisii County loans and Mortgages continued to receive loan recoveries from the beneficiaries during the year and there was no loan applicants received.

KISII COUNTY LOANS AND MORTGAGES FUND

Reports and Financial Statements

For the year ended June 30, 2021

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
	<p>Mr. Moses O. Onderi – CEC Finance and Economic Planning</p> <p>Mr. Moses Onderi heads the Finance and Economic Planning. Prior to his appointment, he headed the department of Lands, Housing and Physical Planning. He holds a Masters Degree in Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management.</p> <p>Until his appointment, he was working with CARE international in Kenya as Human Resource Coordinator.</p>
	<p>Mr Patrick Lumumba- County Secretary and Head of County Public Service</p> <p>Mr Patrick Lumumba is the County Secretary and Head of County Public Service. He previously served as Chief Officer for Administration, Corporate Services and Stakeholder Management in the Kisii County Government. Prior to joining the County Government, he worked in the Ministry of Industrialization and Enterprise Development rising to the level of Assistant Commissioner for Cooperatives. He has wide experience in cooperative development and management. He holds a Masters Degree in Strategic Management from Kabarak University, a Bachelors Degree in Public Administration from Panjab University (India) and a Diploma in Project & Agricultural Management in Rural Development Projects.</p>

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021



Mr. Wilfred O. Auma – CO Finance and Economic Planning

Mr. Wilfred Auma heads the Finance and Accounting Services as a Chief Officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds a Masters Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi AlhilyaVishwavidValaya, Indore and a Higher National Diploma In Finance Analysis from Indian Management Training and Research Institute.

Until his appointment, he was working with Wakenya Pamoja Sacco Society Ltd as a manager in Business Growth Development.



Mr. John Nyalaji Nyandanyi

Mr. Nyandanyi was born on 10th November, 1974. He holds a Bachelor of Commerce degree in Finance. Further, he is a holder of CPA (K) and CPS (K). He has over 24 years working experience in Treasury Accounts department. He is currently the Deputy Chief Finance Officer.

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021.

5. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

The Kisii County Loans and Mortgages Fund was established in the financial year 2015/2016. The principal objective was to advance loans and mortgage to executive committee members and also to the county employees. The fund has since been rolled in the financial year 2018/2019. Since inception, some of the key management team have changed office due to expiry of their term in office. Our banker Chase bank was later acquired by SBM. We are confident that with the new team which is committed to service delivery, the fund's objective will be met

Signed: _____



Mr. Moses O. Onderi

CECM Finance & Economic Planning

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021.

6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

The Kisii County Loans and mortgages Fund was established in the financial year 2015/2016. The principal objective was to advance loans and mortgage to executive committee members and also to the county employees. The fund has since been rolled in the financial year 2018/2019. Since inception, some of the key management team have changed office due to expiry of their term in office. Our banker chase bank was later acquired by SBM. We are confident that with the new team which is committed to service delivery, the fund's objective will be met.

Signed:  _____

Wilfred Ochengo Auma

KISII COUNTY LOANS AND MORTGAGES FUND

Reports and Financial Statements

For the year ended June 30, 2021

7. CORPORATE GOVERNANCE STATEMENT

The roles and function of the Administration Committee members are set out in the Public Finance Management (Kisii County Loans and Mortgage Fund) Regulation 2015, Section 9. These includes

(a) to make recommendations with respect to the conditions under which a loan or a mortgage shall be granted or repaid under these regulations;

(b) to formulate sound policies for regulating the management of the Fund;

(c) to raise and solicit for funds and other assistance to promote the functions of the Committee;

(d) to receive any gifts, donations, grants or endowments made to Fund and to make legitimate disbursements there from;

(e) to establish links with financial institutions for the furtherance of the purposes for which the Fund is established

(f) to grant loans and mortgages, as the Committee may deem fit to eligible applicants upon recommendation of the Appraisal Committee;

G) to consider appeals from any applicant against any decision of the Loans Appraisal Fund Committee ; and

(h) to perform and exercise all other functions and powers conferred to the Committee by these Regulations or any other law.

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

8. MANAGEMENT DISCUSSION AND ANALYSIS

Kisii County Loans and Mortgages Fund is established by and derives its authority and accountability from Section 116 (2) of the PFM Act, 2012 on 7th January, 2016. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya. During the financial year the Kisii county executive had approved budget of Kshs 10,000,000. However, this was revised downwards during the revised budget.

The fund's objective is to advance loans and mortgages to the county executive committee members and employees of the County Government of Kisii.

The Kisii County Loans and Mortgages Fund prepare and submits its financial statement yearly to statutory bodies on time.

During the financial year however, the fund's budget suffered a budget constrained, COVID-19 pandemic, low late of loans and mortgage applicants, posing major challenges for the Administrator to fully implement the fund's objects

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

Kisii County Loans and Mortgages Fund is established by and derives its authority and accountability from Section 116 (2) of the PFM Act, 2012 on 7th January, 2016. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya and it's a going concern fund. During the financial year the Kisii county executive had approved budget of Kshs 10,000,000. However, this was revised downwards during the revised budget.

The fund's objective is to advance loans and mortgages to the county executive committee members and employees of the County Government of Kisii.

During the financial year however, the fund's budget suffered a budget constrained, COVID-19 pandemic, low late of loans and mortgage applicants, posing major challenges for the Administrator to fully implement the fund's objects

2. Employee welfare

The Kisii County Executive provides an opportunity to Executive committee members and employees though the Kisii county Loans and Mortgage fund regulation 2015 to access car loans and mortgages.

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Kisii Loans and Mortgage Fund Administrator, prepares and submit the report together with the audited financial statements for the year ended June 30, 2021, to the statutory bodies on time. This provides timely information which shows the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are to advance car loans and mortgage loans to the County executive committee members and employees of the County Government of Kisii.

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 16

10.3 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 to audit the Kisii County Executive Loans and Mortgages Fund for the year ended 30th June 2021.

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

11. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Kisii County Loans and Mortgages Fund established by Section 3(1) of the Public Finance (Kisii County Loans and Mortgages Fund) Regulations, 2015 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 Kisii County Loans and Mortgages 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, 2020. 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 Kisii County Loans and Mortgages Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 116 (7). 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, 2020, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 17/5/2022 and signed on its behalf by:

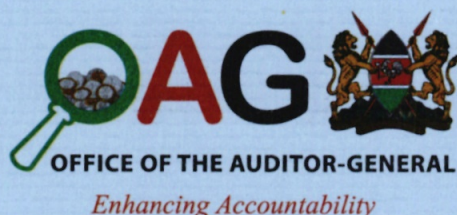


Wilfred Ochengo Auma
Administrator of the Kisii County Loans and Mortgages Fund

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
For the year ended June 30, 2021

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY LOANS AND MORTGAGES 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 Kisii County Loans and Mortgages Fund set out on pages 16 to 34, 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 and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisii County Loans and Mortgages 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 (Kisii County Loans and Mortgage Fund) Regulations, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position and as disclosed in Note 3 to the financial statements reflects cash and cash equivalents balance of Kshs.29,361,652 which includes an amount of Kshs.7,250,000 transferred from a local bank to Kenya Deposit Insurance Corporation. Review of records revealed that The Fund Management opened a bank account with Chase Bank in the financial year 2014/2015 for the operation of a car and mortgage loans to the County Executive Committee Members(CECM) and staff members of the County. However, on 7 April, 2016, the bank was placed under receivership with Kenya Deposit Insurance Corporation (KIDC) as Receiver Managers, and the total funds held by the bank amounting to Kshs.30,000,000 placed under moratorium.

Further, available information indicates that Management signed a Memorandum of Understanding with the bank as an Administrator of the Kisii County Loans and Mortgages Scheme on 9 April, 2018 after the bank had been placed in receivership. The bank transferred an amount of Kshs.7,250,000 being part of the funds under moratorium to KDIC on 15 August, 2018. However, no confirmation from the Corporation to support the transfer was provided for audit.

In the circumstances, the accuracy and existence of the balance of Kshs.7,250,000 included in cash and cash equivalents balance could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects nil revenue and expenditure final budgets. However, the Fund received Kshs.674,199 and incurred an actual expenditure of Kshs.674,199.

In the circumstances, Management did not disclose the approved budget in the statement of comparison budget and actual amounts and the basis of the expenditure could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Kisii County Loans and Mortgages Fund Regulations

During the year ended 30 June, 2021, Kisii County Loans and Mortgages Fund had an approved original budget of Kshs.10,000,000 which was reversed in the supplementary estimates for undisclosed reasons. Further, as previously reported, the Controller of Budget declined to authorize withdrawal of Kshs.50,000,000 from the Consolidated Fund during the year 2019/2020 because the Public Finance (Kisii County Car Loans and Mortgages Fund) Regulations, 2015 were in conflict with the Constitution, Public Finance Management Act, 2012 and Salaries and Remuneration Commission. Review of the status in the year under review revealed the regulations were yet to be harmonized.

In the circumstances, the Fund may not achieve its intended objectives.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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 the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 September, 2022

KISII COUNTY LOANS AND MORTGAGES FUND
Reports and Financial Statements
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 exchange transactions			
Interest income	1	674,199	969,287
Total revenue		674,199	969,287
Expenses			
Fund administration expenses	2	674,199	969,287
Total expenses		674,199	969,287
Surplus/(deficit)for the period		-	-

The notes set out on pages 34 to 35 form an integral part of these Financial Statements.

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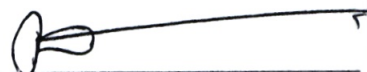
13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	3	29,361,652	16,807,167
Total		29,361,652	16,807,167
Non-current assets			
Long term receivables from exchange transactions	4	15,638,348	28,192,833
Total Non-current assets		15,638,348	28,192,833
Total assets		45,000,000	45,000,000
Net assets			
Revolving Fund		45,000,000	45,000,000
Accumulated surplus		-	-
Total net assets		45,000,000	45,000,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17/5/2022 and signed by:



Administrator of the Fund
Name: Wilfred Ochengo Auma



Fund Accountant
Name: John N. Nyandanyi
ICPAK Member Number: 13733

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

	Revolving Fund	Accumulated surplus	Total
		Kshs	Kshs
Balance as at 1 July 2019	45,000,000	-	45,000,000
Surplus/(deficit) for the period	-	-	-
Funds received during the year	-	-	-
Balance as at 30 June 2020	45,000,000	-	45,000,000
Balance as at 1 July 2020	45,000,000	-	45,000,000
Surplus/(deficit) for the period	-	-	-
Funds received during the year	-	-	-
Balance as at 30 June 2021	45,000,000	-	45,000,000

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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			
Interest received/income	1	674,199	969,287
Total Receipts		674,199	969,287
Payments			
Fund administration expenses	2	674,199	969,287
Total Payments		674,199	969,287
Net cash flows from operating activities		-	-
Cash flows from financing activities			
Proceeds from loan principal repayments	5	12,554,485	10,983,737
Loan disbursements paid out		-	(27,250,000)
Net cash flows used in financing activities		12,554,485	(16,266,263)
Net increase/(decrease)in cash and cash equivalents		12,554,485	(16,266,263)
Cash and cash equivalents at 1 JULY 2020	3	16,807,167	33,073,430
Cash and cash equivalents at 30 JUNE 2021	3	29,361,652	16,807,167

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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	% utilization
	2021	2021	2021	2021	2021
Revenue	Kshs	Kshs	Kshs	Kshs	
Transfers from County Govt.	10,000,000	(10,000,000)	-	674,199	∞
Total income	10,000,000	(10,000,000)	-	674,199	
Expenses					
Fund administration expenses	-	-	-	674,199	∞
Total expenditure	-	-	-	674,199	
Surplus for the period	10,000,000	(10,000,000)	-	-	

Budget notes

1. Kisii County Executive had no budgetary provision for Kisii County Loans and Mortgages during the FY2020-2021

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Kisii County Loans and Mortgages 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.

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

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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: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were

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Standard	Effective date and impact:
	<p>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>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The Kisii County Loans and Mortgage Fund did not early – adopt any new or amended standards in year 2020.

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budgets for FY 2020/2021 was approved by the County Assembly on 30th June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The subtraction appropriations are reduced from the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded reduction appropriations of Kshs 10,000,000 on 18th February 2021 the FY 2020/2021 budget following the governing body's approval.

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 116(7) of these financial statements.

5. Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

6. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimate

7. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

8. 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.

9. Related parties

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

10. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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.

11. Comparative figures

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

12. Events after the reporting period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Section 116 of PFM, 2012 under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Kisii

14. Currency

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

15. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.

16. 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

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levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the Kisii County Loans and mortgage 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	15,638,348	15,638,348	-	-
Bank balances	29,361,652	29,361,652	-	-
Total	45,000,000	45,000,000	-	-
At 30 June 2020				
Receivables from exchange transactions	28,192,833	28,192,833	-	-
Bank balances	16,807,167	16,807,167	-	-
Total	45,000,000	45,000,000	-	-

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

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

c) Market risk

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

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

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

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

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Capital risk management

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

	2020/2021	2019/2020
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	45,000,000	45,000,000
Accumulated surplus	-	-
Total funds	45,000,000	45,000,000
Total borrowings	-	-
Less: cash and bank balances	29,361,652	16,607,167
Net debt/(excess cash and cash equivalents)	-	16,807,167
Gearing	65%	37%

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

Description	2020/2021	2019/2020
	Kshs	Kshs
Interest income from Mortgage & car loans	674,199	969,287
Total interest income	674,199	969,287

Note: The amount of Kshs.674,199 is the interest charged from loanees for mortgage and car loans advanced during the period.

2. Fund administration expenses

Description	2020/2021	2019/2020
	Kshs	Kshs
Bank and Administration fees	674,199	969,287
Total	674,199	969,287

3. Cash and cash equivalents

Description	2020/2021	2019/2020
	Kshs	Kshs
Kisii County Loans and Mortgage Fund Account	29,361,652	16,807,167
Total cash and cash equivalents	29,361,652	16,807,172

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

		2020/2021	2019/2020
Financial institution	Account number	Kshs	Kshs
Current account			
SBM Bank	0252322396001	29,361,652	16,807,1672
Total		29,361,652	16,807,1672

4. Receivables from exchange transactions

Description	2020/2021	2019/2020
	Kshs	Kshs
Non-Current receivables		
Long term loan/advances due from beneficiaries	15,638,348	28,192,833
Total Non- current receivables	-	-
Total receivables from exchange transactions	15,638,348	28,192,833

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5. Loan Repayments

Loan Ref	2020/2021	2019/2020
	Kshs	Kshs
025PULM182470001	2,637,059	2,558,740
025TELS183440001	1,137,813	1,103,963
025TELS191910001	1,144,679	1,015,563
025TELS191860001	5,315,531	4,712,092
025TELS192490001	1,160,939	844,692
025TELS192750001	1,158,463	748,687
Total	12,554,485	10,983,737

6. Related party balances

a) Nature of related party relationships

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

- a) Kisii County Government;
- b) Ministry of Finance and Economic Planning
- c) County Assembly
- d) Key management
- e) Fund Committee

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

Audit was performed by the Office of the Auditor General for the FY 2019/2020; however