

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 27 FEB 2024

DAY.

Tuesday

TABLED
BY:

Hon Naomi Nago, MP
Deputy majority whip

OF

CLERK-AT
THE-TABLE:

Inzoju



THE AUDITOR-GENERAL

ON

**PARLIAMENTARY CAR LOAN SCHEME
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



PARLIAMENTARY SERVICE COMMISSION

PARLIAMENTARY CAR LOAN SCHEME FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations and Acronyms

CEO	Chief Executive Officer
CNA	Clerk of the National Assembly
CPST	Centre for Parliamentary Studies and Training
COS	Clerk of the Senate
DFA	Directorate of Finance & Accounting
DG	Director General of the Parliamentary Joint Services
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
NTSA	National Transport and Safety Authority
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSC	Parliamentary Service Commission
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
TIMS	Transport Integrated Management System

B. Glossary of Terms

Fiduciary management - Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

2. Key Fund information and management

a) Background information

The Parliamentary Car Loan Scheme Fund was established in 1999 through the Legal Notice No. 148, the Exchequer and Audit (Members of National Assembly Car Loan Scheme Fund) Regulation, 1999 with the objective of providing a loan Scheme for the purchase of vehicles by members. This initial clause was amended in 2003 (through Gazette Notice No. 139) to also include loans for purchase of vehicles by an employee of the commission on permanent and pensionable terms. The Public Finance Management Act, 2012 (No. 18 of 2012) has repealed the above Regulations through Legal Notice No. 19 of February 01, 2013 and Legal Notice No. 68 of April 19, 2013 to be the Public Finance Management (Parliamentary Car Loan (staff) Scheme Fund Regulations, 2013 and Public Finance Management (Parliamentary Car Loan (members) Scheme Fund Regulations, 2013, respectively. These Regulations have however also been amended by the Parliamentary Service Commission through the powers conferred by section 24 of Public Finance Management which can be cited as the Public Finance Management (Parliamentary Car Loan (Members) Scheme Fund) (Amendment) Regulations, 2015, the regulations were further amended in 2020.

The Fund was established with an initial capital of two hundred and fifty million (Ksh.250,000,000.00) paid out of the vote of National Assembly for the year 1999/2000 which was reduced by fifty million (Ksh.50,000,000.00). However, it has since been raised to one billion four hundred and fifty million (Ksh.1,450,000,000.00) in accordance with the amendments to the enabling Legislation enacted in 2013 amended in 2015 and 2020.

The Fund is administered by the Loan Management Committee chaired by the Vice chairperson of the Parliamentary Service Commission. The Committee is charged with the responsibility of processing of loans from applicants in accordance with laid down regulations, to set up a revolving Fund for the disbursement of loans and supervising the day-to-day operations of the Fund. The Officer Administering the Fund is responsible for the day-to-day operations.

b) Principal Activities

The principal mandate of the Fund is to facilitate acquisition of motor vehicles for Members of National Assembly, the Senate and staff of Parliamentary Service Commission by providing a loan Scheme for the purchase, insurance and overhaul of cars by members of the Scheme; and to perform other functions necessary for the welfare of the honourable Members and staff.

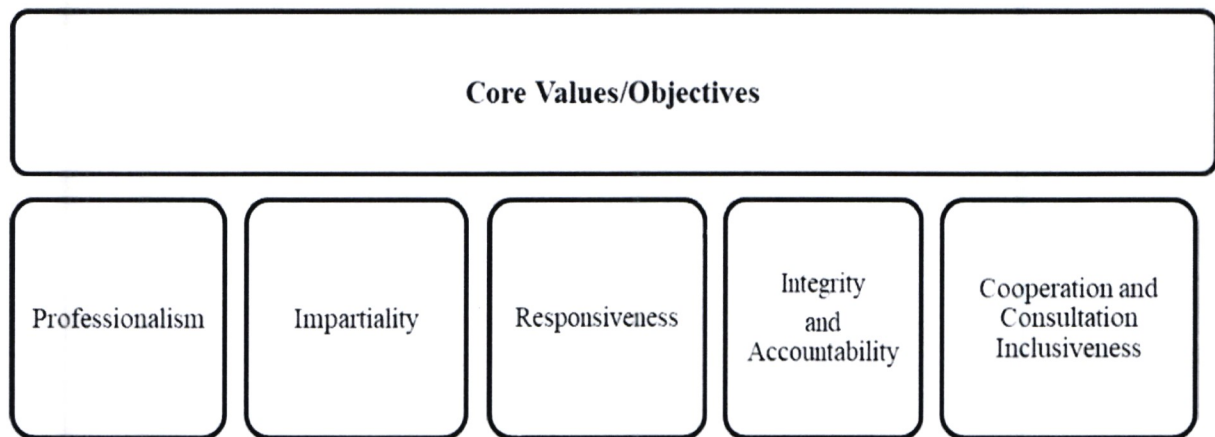
The Fund is administered by the Clerk of the National Assembly. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

Vision of the Parliament

Democratic and people centred Parliament.

Mission

To facilitate Members of Parliament to efficiently and effectively discharge their constitutional mandate of representation, legislation and oversight.



c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairperson Car Loan Fund, Vice chair PSC	Hon. Joyce C. Korir
2	Member/Chairperson-Members welfare Committee	Hon. Eric O. Mogeni
4	Member/Chairman-Staff welfare Committee	Hon. Mohamed A Mohamed
5	Member/Majority Chief Whip of The National Assembly	Hon. Silvanus O. Osoro
6	Member/Majority Chief Whip of The Senate	Hon. Dr. Bonny Khalalwe
7	Member/Minority Chief Whip of The National Assembly	Hon. Junet Mohamed
8	Member/Minority Chief Whip of The Senate	Hon. Olekina Ledama
9	Member/Commissioner, PSC	Hon. Rachel A. Amolo
10	Member/Commissioner, PSC	Hon. Johnson N. Muthama
11	Member/Clerk of The Senate	Mr. Jeremiah M. Nyegenye
12	Member/Clerk of The National Assembly/Fund Administrator	Mr. Samuel J. Njoroge
13	Member/Director General of The Parliamentary Joint Services	Mr. Clement Nyandiere
14	Member/Staff-elected representative	Ms. Wanjiru Ndindiri



d) Key Management

The Scheme Fund's day-to-day operations management is under the Clerk of the National Assembly, the Officer Administering the Fund, who designate and appoint such staff as may be necessary to assist in the administration of the Fund.

The Parliamentary Car Loan Scheme Fund's day-to-day management is under the following key officers:

Ref	Position	Name
1	Clerk of the National Assembly, the Fund Manager/Administrator	Mr. Samuel J. Njoroge
2	Director, Litigation & Compliance.	Mr. Anthony T. Njoroge
3	Director, Finance and Accounting	Mr. Joel Irungu
4	Deputy Director Finance and Accounting.	Mr. Peter A. Meikoki
5	Ag. Director, Legislative & Procedural Services	Mr. Kipkemoi Arap Kirui

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Director, Internal Audit	Mr. George Arum
2	Chief Advisor, Car Loan Advisory Committee	Mr. Jeremiah W. Ndombi

f) Registered Offices

The National Assembly of Kenya
Parliament Buildings
P.O. Box 41842-00100,
Nairobi.

g) Fund Contacts

Telephone: (254) (020) 2221291
E-mail: clerk@parliament.go.ke
Website: www.parliament.go.ke

h) Fund Bankers

1. Cooperative Bank of Kenya Limited
Parliament Road branch
P.O Box 5772-00200,
Nairobi
2. Kenya Commercial Bank
Kipande House branch
P.O BOX 48400-00100
Nairobi.

i) Independent Auditor

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

j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112-00200
Nairobi.

3. The Board of Trustees/ Fund Administration Committee

Hon. Joyce Chepkoech Korir (born 1981)

The Vice Chairperson Parliamentary Service Commission and Chairperson Parliamentary Car Loans Management Committee.



Degree of Arts in Communication & public relations-Moi University
Diploma Geomaniacs & Leadership-JKUAT
Certificate in Legal Court Clerk.

Served as a Member Committee on National Cohesion and Equal Opportunity.
Served as Speaker, and a Member of County Assembly - Bomet County

Hon. Eric Okongo Mogeni (born 1971)

Member/Commissioner/ chairperson-Members Welfare Committee.



Masters in Leadership- Jomo Kenyatta University of Arts and Technology
Bachelor of Laws (LLB)
Diploma Legal Studies and Legal Practice)- Kenya School of Law
Chairman, Kenya Anti-Corruption Advisory Board-2009-2012
National Chairman Law Society of The Kenya Governing Council-2007-2010

AWARDS

2004: The international commission of jurists ICJ Kenya award for a member of good standing and commitment to human rights democracy and the rule of law.
2007: Awarded certificate of service for having served with distinction as a council member of the law society of Kenya 2005-2007.

Hon. Mohamed Ali Mohamed (born 1979)

Member/Commissioner/ Chairman, Parliamentary Service Commission Committee of Staff welfare.



Masters in Diplomacy and Foreign Policy.
Bachelor of Science in Communication.
Diploma in Journalism.

Experience in Media Investigations, Programme production, Continuity presenter, News writing, feature writing, scripting and editing, Photojournalism, translation and presentation, outside broadcasting (Commentary) and reporting both in radio and T.V.

Hon. Silvanus Osoro (born 1987)

Member/ Majority Chief Whip, National Assembly.



Bachelor of Laws (LLB)- Mt. Kenya University

Managing Director/Founder Pitchface Marketing.
Served as a Member of Departmental Committee on Defence and Foreign Relations

Served as a Member of Committee on Implementation a committee mandated with the responsibility of scrutinizing the resolutions of the House (including adopted committee reports), petitions and the undertakings given by the National Executive. He currently serves in the House Business Committee and the Committee on selection

Hon. Dr. Bonny Khalwale (born 1960)

Member/ Majority Chief Whip of the Senate.



Degree in Medicine- University of Nairobi.

Served as a Medical officer Ministry of Health

Served as chairman of the Public Accounts Committee in the 9th Parliament where he made a reputation for leading censure motions against high profile cabinet ministers.
He was appointed on a similar role in the 10th Parliament.

Hon. Junet Sheikh Nuh Mohamed (born 1977)

Member/ Minority Chief Whip of the National Assembly.



Bachelor's Degree in Business Administration.
Diploma in Business Management.

Served as member of Departmental Committee on Energy, Communication & Information and the Public Accounts Committee.

He currently serves in the House Business Committee, Committee on Selection and the Committee on Appointments.

Hon. Olekina Ledama (born 1974)

Member/ Minority Chief Whip of The Senate.



Holder of a BA in Political Science and English Communication from the University of Massachussets, Boston USA.

He has been a lecturer in various institutions on graduation.

He is actively involved in community works in Narok where he is the Senator since the 12th Parliament.

He is currently the Senate Minority Whip and a Member of the Senate County Public Accounts and Investment.

Hon. Rachel Ameso Amolo (born 1968)

Member/Commissioner Parliamentary Service.



Masters' in Business Administration, Strategic Management.

Bachelors of Business Administration in Entrepreneurship.

Higher Diploma in Business Management.

Certified Human Resource Professional (CHRP)

2013-2017: Member of Parliament

2003 to Date: Managing Director-Fast Trac Group of Companies

Hon. Johnson N. Muthama (born 1954)

Member/Commissioner non-Parliamentarian Member of the Parliamentary Service Commission.



Holder of a Bachelor of Science in social science, from Arden University and is a graduate of the Gemological Institute of America. He holds different leadership roles in mining and related companies.

Chair and Director of Muthama gemstone (K) Ltd & Rockstone properties ltd.

Current member of the geological society of Kenya, Kenya private sector alliance, and the American chamber of commerce of Kenya.

Has served as minority chief whip in the Senate.

He has excellent business acumen skills, leadership skills, an excellent Board room negotiator, amongst other key skills

Mr. Jeremiah M. Nyegenye, CBS (born 1971)

Member/Clerk of The Senate /Secretary and the Accounting officer Parliamentary Service Commission.



He is an advocate of the High court of Kenya.

Certified Public Secretary

Member of Law society Kenya.

Holds Certificates in Legislative Drafting from the Institute of Advanced Legal Studies of the University of London, the International Legislative Drafting Institute, New Orleans and the International Law Institute.

He joined the Parliamentary Service in 2007, tasked to establish a legal office in the National Assembly and later served as the inaugural Director of Legal Services

An alumnus of the Blavatnik school of Government, university of Oxford where he attended the Executive Public Leaders Programme in 2019

Mr. Samuel J. Njoroge (born 1979)

Clerk of the National Assembly and Officer Administering the Parliamentary Car Loan Funds.



Master's Degree in Business Administration with specialization in Strategic Management.

Bachelor's Degree in Environmental Planning.

Holds a Certificate in Legislative Management, Certificate in Legislative Drafting.

Has undertaken numerous legislative trainings and attachments relating to leadership, strategic management, legislative, procedural and parliamentary affairs in various legislatures.

Mr. Clement Nyandiere, MBS (born 1973)

Member/The Director General and Accounting officer Parliamentary Joint Services.



Directly responsible over directorates of Administration Parliamentary Service Commission.

Served as lecturer of information systems and Director of the Information Technology Centre (2002 – 2007) and concurrently Dean, Faculty of Information Technology (2003 – 2007) at the Strathmore University.

A member of CPST Board of Management.

Member of the Institute of Human Resources Management (IHRM), Kenya Institute of Management (KIM), and the Computer Society of Kenya (CSK)

Ms. Wanjiru Ndindiri (born 1979)

Member/Principal Clerk assistant/Staff-elected representative.



Holds Masters in Public Administration.
Bachelor of Arts Degree in Business Administration

Currently serving as a procedural/Chamber clerk National Assembly

She has over 15yrs experience in public service.

4. Management Team

•Clerk of the National Assembly / Officer Administering the Parliamentary Car Loan S Fund/Accounting officer of the National Assembly of Kenya

- Masters in Business Administration with specialization in Strategic Management.
- Bachelor's Degree in Environmental Planning
- Holds a Certificate in Legislative Management & Legislative Drafting.
- Has undertaken numerous legislative trainings and attachments relating to leadership, strategic management, legislative, procedural and parliamentary affairs in various legislatures.

Mr. Samuel J. Njoroge



•Deputy Clerk, Legal adviser to the Parliamentary Car Loan Scheme Fund.

- An advocate of the High Court of Kenya.
- Member of Law society of Kenya.
- Endowed with extensive experience in legislative drafting in Kenya and beyond.
- Over 30 years service in public sector.

Mr. Jeremiah W. Ndombi



•Director Finance & Accounting

- Holds Masters in Business Administration in Finance, Bachelor of Arts and a Diploma in Public Finance
- Worked in various ministries including the National Treasury
- Wide experience in Public Finance (over 30yrs)
- Done extensive work in Budgeting and Public Finance management.
- Incharge of the finance function of the Parliamentry Service Commission.

Mr. Joel Irungu



•Deputy Director Finance and Accounting Services

- He holds a Masters degree in Business Administration (MBA) and a Bachelor of Arts Degree (Finance).
- He is a Certified Public Accountant, CPA(K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).
- He is responsible for Financial Accounting & Management Accounting functions of the National Assembly of Kenya.
- Chairman of the Bunge Sacco Society.

CPA Peter A. Meikoki



Director Legislative and Procedural Services/Secretary, Parliamentary Car Loan Scheme Fund.

- Holds a Bachelor of Social Law (BSL) and Bachelor of Laws (LL B(Hons) degree.
- Head of Procedural Research and Journal Office National Assembly.
- Chairperson Taskforce responsible for translation of Standing Orders to Kiswahili.
- Chairperson of taskforce on the History of Parliament and taskforce responsible for compilation of National Assembly Factsheets, Speakers Rulings and Guidelines

Mr. Kipkemoi A Kirui



5. Chairperson's Report

It is the dream of most Kenyans to own a Car they can call their own. Buying a car is expensive, so it is important that you get the right car, the best deal and most affordable loan. When borrowing money for a purchase, the choices you make need to be thought out and planned, never impulsive. The Parliamentary Car Loan Scheme operates along the same principle; facilitating Members and staff to acquire motor vehicles through the provision of loans. These loans are repayable prior to completion of their tour of duty.

The Car Loan Fund facility is the result of collaboration between the National Treasury and the Parliamentary Service Commission. The Scheme is set up as a revolving Fund. The National Treasury provided the initial seed capital for the Fund of one Billion, four hundred and fifty Million (ksh.1.45billion), while the Parliamentary Service Commission provides the governance and management capabilities to run the Fund. The Salaries and Remuneration Commission is responsible for setting the maximum loan entitlement for Members of Parliament. During the period under review the Salaries and Remuneration Commission retained the maximum Car Loan entitlement at Kshs.8 million for the Speaker(s) and at Kshs.7 million for Member(s). Staff car loan limits are set depending on the job grade.

Before advancing the loan to our clients we apply the **Five Cs** of Credit: **Character** of the borrower-will s/he be able to service the loan, **Capacity** by looking into the income versus the loan amount and the loan amortization period (usually within sixty months), **Collateral** which is the Payslip on which we apply our loans as first charge. We also consider the **condition** where we ensure borrowers only purchase vehicles solely for personal use and not for business, while ensuring that the loans are insured against life and the motor vehicles are comprehensively covered. Finally, we check the **Capital** which we consider to be the down payment/deposit one makes to the seller of the vehicle as commitment.

It is anticipated that the provision of this facility shall encourage Members and staff of Parliament to continue undertaking their duties and responsibilities with zeal and true Kenyan patriotism.

HON. JOYCE C. KORIR, MP

CHAIRPERSON, LOANS' MANAGEMENT COMMITTEE.

6. Report of the Fund Administrator

Section 24(3) of the Public Finance Management Act, 2012 requires the Officer Administering Fund to prepare financial statements in respect of the Parliamentary Car Loan Scheme Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for that period. The Officer Administering the Fund is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Officer Administering the Fund is also responsible for safeguarding the assets of the Fund.

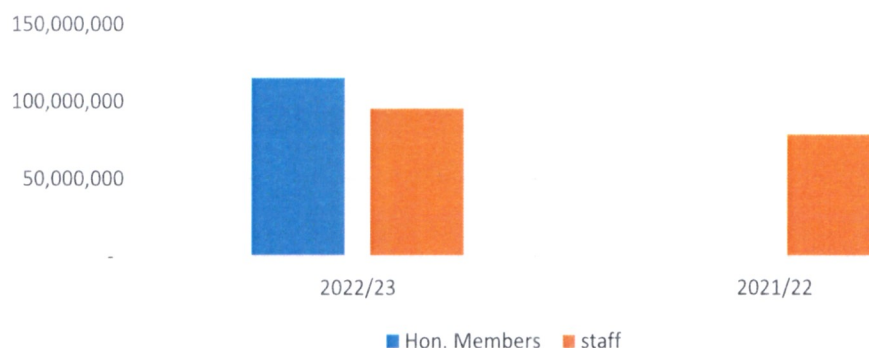
The Officer Administering the Fund is responsible for the preparation and presentation of the Parliamentary Car Loan Scheme Fund financial statements, which give a true and fair view of the state of affairs of the Scheme for the year ended 30th June, 2023. The responsibilities include:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Fund;
- c) 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;
- d) Safeguarding the assets of the Fund;
- e) Selecting and applying appropriate accounting policies; and
- f) Making accounting estimates that are reasonable in the circumstances.

The Officer Administering the Fund accepts responsibility for the Scheme 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. The Officer Administering the Funds is of the opinion that the Scheme's Annual financial statements give a true and fair view of the state of Fund transactions during the year ended 30th June, 2023 and of the Scheme financial position as at that date. The Officer Administering the Fund further confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme financial statements as well as the adequacy of the systems of internal financial control.

During the period under review, the Fund was able to process and pay 22 loans to the Honourable Members of the 13th Parliament and 37 loans to the Parliamentary staff valued at Kshs.115,182,712 and Kshs.95,708,800 respectively. Loans paid during the previous period were valued at Ksh.628,264 (insurances for Members of Parliament) and Ksh.78,941,256 being 31 loans to the staff members. Low loans uptake by both Members of Parliament and staff has led to the Fund having more cash available which we intend to invest in short term deposits in the subsequent periods.

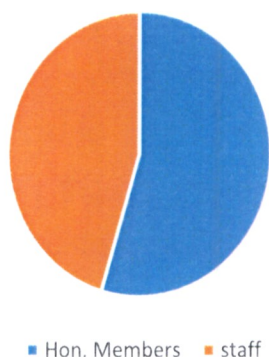
Value of loans paid during the periods



The Fund has keen interest on the monthly payroll loan recoveries and ensures the Fund is among the first charge items. Clients are also encouraged to enhance repayments from other sources of income. All loans advanced to the Members of the 12th Parliament were fully cleared within the term. Loans advanced to staff of the commission are repaid within a maximum of 60 months.

All loans are insured against loss of life and motor vehicles are comprehensively covered. In cases where concerned individuals cannot afford to pay for a comprehensive cover of the loan vehicle, the Fund pays on his/her account and recoveries are made from the individual's payslip.

presentation of loans paid during the period



Nothing has come to the attention of the Officer Administering the Fund to indicate that the Parliamentary Car Loan Scheme Fund will not remain a going concern for at least the next twelve months from the date of this statement.



SAMUEL NJOROGÉ

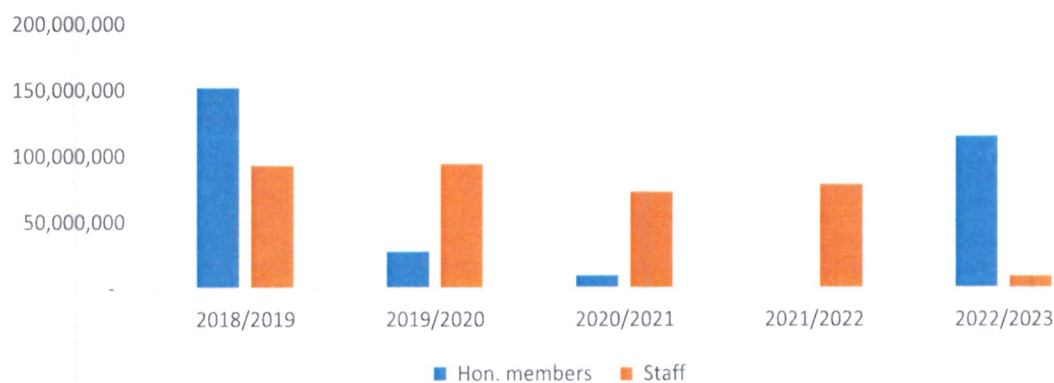
CLERK OF THE NATIONAL ASSEMBLY, THE FUND ADMINISTRATOR

7. Statement of Performance against Predetermined Objectives

The Fund was hopeful of achieving at least 75% loans uptake by the Honourable Members of the 12th Parliament. However, this wasn't achieved since majority did not apply for the Car Loans. This was because Parliament facilitated the Honourable Members with Car grants/ reimbursements at the beginning of their term. As such, the Fund achieved less than 30% uptake of car loans by the Honourable Members of the 12th Parliament, being 115 loans.

The Staff have continued to access loans as per job scale which is repayable within a maximum of 5 years or lesser depending on period remaining to retirement. Loan applications and processing for the staff has remained constant since staff are permanent employee of the commission unlike the Honourable Members who only have the Parliamentary term of 60 months to clear their loans. This means the loans to Honourable Members are assessed based on months remaining up-to the end of a Parliamentary term.

5 year-Trend of loans paid to Hon. Members & staff



The graph shows a decline in uptake of loans towards the end of the Parliamentary term by the Honourable Members of Parliament, with zero applications during the period under review. The decline is due to short loan repayment period as the parliamentary term was coming to an end. This decline in the loans uptake resulted in the Fund having more cash which was invested in short term fixed deposits to earn some interest income. However, there was a sharp increase in the loan uptake by the Honourable Members during the period under review. This is so because the term of the 13th parliament had just began, and Parliamentarians had an appetite for financing towards purchase of Motor vehicles.

Parliamentary Car Loan Fund Strategic Pillars

The Parliamentary Car Loan Scheme Fund has two main strategic pillars within the current Strategic Plan of the Parliamentary Service Commission covering the years between 2019 and 2030. These strategic pillars are:

- Pillar 1: Provision of a modern and secure working environment for Members and staff of the Commission
- Pillar 2: Excellence in Service Delivery.

The Parliamentary Car Loan Scheme Fund develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Parliamentary Car Loan Scheme Fund achieved its performance targets set for the FY 2022/2023 period for its 2 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Provision of a Modern and secure working environment	<ul style="list-style-type: none"> (i) To gain confidentiality of clients as they seek financial advice on matters Car Loan. (ii) To ensure safety of charge Logbooks and personal loan files 	<ul style="list-style-type: none"> Efficiently served clients Document safety 	<ul style="list-style-type: none"> The Fund Administrator to Liaise with the office of Director General for allocation of a more spacious office. 	<ul style="list-style-type: none"> Fund office was issued with additional fireproof safes for the safe custody of charge documents The office of DG has promised the Fund a more spacious office, based on availability.
Pillar 2: Excellence in Service Delivery	<ul style="list-style-type: none"> (i) To develop the capacity and capability of Car Loan Fund office as an office of excellence in Service delivery (ii) To enhance human resource/strengthen staff capacity 	<ul style="list-style-type: none"> Improvement in service delivery 	<ul style="list-style-type: none"> Fund administrator ensures regular staff trainings The DFA ensures more officers are deployed to the Fund office since the fund serves many clients and staffers are few. 	<ul style="list-style-type: none"> Adequate trainings of the officers by National Treasury especially on matters reporting. Staffers attend ICPAK workshops and seminars to acquire more skills through trainings and earn CPD hours.

8. Corporate Governance Statement

The Parliamentary Service Commission is yet to develop a policy on a corporate governance statement which the Parliamentary Car Loan Fund can adopt and implement.

The administration committee members retire by vacation of office through dissolution of Parliament and reconstitution of membership of Parliamentary Service Commission after an election; the staff representative is a member following an election held by members of staff when need arises. This is in accordance with the laid-down Scheme Fund regulations.

The committee may from time to time approve trainings for the officers administering the Fund at the request of the Fund administrator. These trainings may include benchmarking with other similar Funds aimed at improving the Scheme Funds administration.

Parliamentary Car Loan Fund Succession plan

The Fund Administrator, in liaison with the Directorate of Finance and Accounting leadership, identifies Staffers who can be suitable loan officers and who seem well suited to run the Fund office, including being able to work under pressure and deliver effectively. These officers usually undergo on-the-job training to become better credit officers. The Administrator also ensures that the officers acquire and sharpen the required skills through education and training. Not only does this keep officers engaged and more productive, but also ensures that there are people who have been prepared to step into a role instead of being thrown into it in the event of an unexpected emergency.

This is attainable when the officers who have manned the Fund office for longer periods work alongside their successor for a period of time to transfer institutional knowledge. Additionally, the Fund regulations are always applicable as guidance to better manage the Fund.

The Fund administrator has always ensured that the staffers get adequate trainings via workshops and seminars through the Directorate of Finance and Accounting and the National Treasury. The Fund Management also benchmarks for best practices from other similar Funds aimed at bettering the Parliamentary Car Loan Scheme Fund operations.

Administration Committee meetings

The meeting of the committee is usually convened by the chairperson or in the absence of the chairperson, by a member designated by the chairperson and shall be convened at such times as may be necessary for the discharge of the committee's functions. The quorum for the meetings of the Committee is the Chairperson and any two members. The Committee considers and approves or rejects loan applications presented by the Officer Administering the Fund. During the period under review, committee member attendance was as scheduled below:

	MEETING HELD ON DATES (2022/2023)										TOTAL SITTINGS ATTENDED
	06/Jul/2022										
MEMBER	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	
Hon. Dr. Naomi shaban	✓										1
Hon. Sen.Aaron Cheruiyot	✓										1
Hon. Samuel Chepkonga	✓										1
Hon. Rachel Ameso	✓										1
Hon. Beth Mugo	✓										1
Hon. Emmanuel Wangwe											
Hon. Junet Nur											
Hon. Paul K Wamatangi											
Hon. Mutula Kilonzo											
Mr. Jeremiah Nyegenye	✓										1
Mr. Clement Nyandiere	✓										1
Ms. Wanjiru Ndindiri	✓										1

*Parliamentary Car Loan Scheme Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

	MEETING HELD ON DATES (2022/2023)										TOTAL SITTINGS ATTENDED
	23 rd Nov, 2022		8 th Dec, 2022		23 rd Feb, 2023						
MEMBER	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	Hon. Members loan Meeting	Staff Members loan Meeting	
Hon. Joyce C. Korir	✓	✓	✓	✓	✓	✓					6
Hon. Eric o. Mogeni	✓		✓		✓						3
Hon. Mohamed Ali		✓		✓							2
Hon. Silvanus Osoro	✓		✓								2
Hon. Bonny Khalwale	✓										1
Hon. Fatuma A Dullo	✓		✓		✓						3
Hon. Ole Kina Ledama											
Hon. Johnson Muthama											
Hon. Junet Nur	✓										1
Mr. Jeremiah Nyegenye			✓		✓		✓				4
Mr. Clement Nyandiere		✓		✓		✓					3
Ms Wanjiru Ndindiri		✓		✓		✓					3

The Parliamentary Car Loan Scheme Fund adheres to the following office Service Charter

No.	Service Rendered	Requirements to obtain Services	Time line
1	Written correspondence	Client written enquiry	Maximum of 3 working days depending on the correspondence
2	Telephone enquiry	Client telephone enquiry	Maximum of 7hrs from time of the enquiry
3	E-mail enquiry	Client email enquiry	Maximum of 12hrs from time of enquiry
4	Loan application feed back	Client submitting documents as per the check list	Maximum 20min required to verify the documents
5	Loan Disbursement	Perfected Legal documents	within maximum of 2days after the officer assigned to manage the National Assembly's NTSA TIMs account accepts the vehicle ownership.
6	Insurance for loans paid	Loans processed/paid out	Fund to notify insurance company the same day the loan is paid
7	Loan repayment	Client loan paid out	Instruct Human Resource to effect deductions immediately.
8	Access to loan statement	Client request	Process instantly
9	Access original Logbook after client clears the loan repayment	Client request	Maximum of 12 working hrs.
10	Quarterly financial reports and statements	End of every quarter in accordance with international Public sector accounting Standards	By 15 th of the month following end of the quarter.
11	Annual financial reports and statements	End of every Financial year 30 th June, in accordance with International Public	By 15 th of the September annually

		Sector Accounting Standards	
12	Response to audit queries	OAG review of the financial Reports and Statements.	Within the time frames issued by the OAG

The Fund Administration Committee Ethics, Conduct and the Conflict of interest issues

The Parliamentary Service Commission on the 25th May, 2022 considered the proposed risk management policy as mandated by Section 165 of the Public Finance Management Regulations, 2015 which requires that the Accounting Officer should ensure that their entity develops risk management strategies that prevent fraud and a risk management system and internal control that ensures solidly built business operations.

The Commission has put in place good structures and measures that allow the flow of work to be efficient ensuring minimal or no exposure of all Commissioners, Accounting Officers, Senior Managers and staffers from conflict of interest when executing their duties in different capacities on behalf of the Fund. The Funds Administration Committee and management team adheres and tries as much as possible to avoid situations in which they have interest which may conflict with the interest of the Fund, eg a Member would step out of a meeting where his/her application is being considered. As well, there are controls in terms of payment approvals before the funds are released to the beneficiaries account.

The Accounting Officers are the drivers of the culture of risk management in their respective votes with the Director General, PJS as the risk champion who continuously seeks to improve the risk structure of all the votes, through the Directors and HODs who ensure the staff comply with the risk management policy and procedures.

At the moment Risk Management in the Parliamentary Service Commission is in its proposal stage awaiting to be adopted in all the votes.

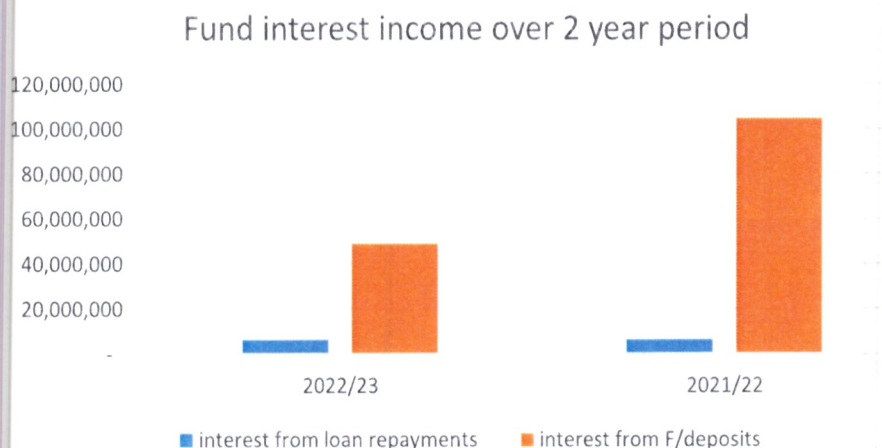
9. Management Discussion and Analysis

Parliamentary Car Loan Scheme activities are to facilitate acquisition of motor vehicles for Members of National Assembly, the Senate and staff of Parliamentary Service Commission by providing a loan Scheme for the purchase, insurance and overhaul of motor vehicles by members of the Scheme; and to perform other functions necessary for the welfare of the Honourable Members and staff.

During the period under review, the Fund's activities included application for car loans, approval and disbursement of the loans. Both the Members of Parliament and Parliamentary staff have utilised the facility. Majority of the newly recruited staff have since taken a keen interest in accessing the loans. The maximum car loan repayment period is up to five years at three percent reducing interest rate. Maximum Loans qualified for ranges from ksh.8 million which is payable to a Speaker of a House of Parliament, Kshs.7million to Honourable Members of Parliament and the Clerk of a House of Parliament to Kshs.2.5million payable to the lowest staff cadre.

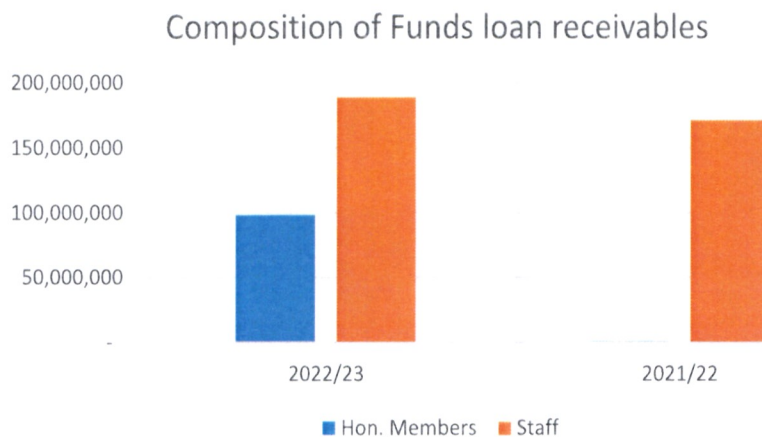
The Fund has been operationalized in compliance with the Public Finance Management (PFM) Act, 2012, the Parliamentary Car Loan (staff and members) Regulations, 2013, section 18, the amended Car Loan (Members) Scheme Fund Regulations, 2015 and further amended in 2020.

During the year the Fund earned a fixed deposit interest of Ksh.47,035,116 representing a decline of Ksh.57,749,370 compared to Ksh.104,784,486 earned last year being a -55%. In the same period, the Fund also recorded a decrease in the interest earned from loan repayments since Ksh.6,368,335 was realised in the year compared to Ksh.6,407,415 in the previous period. This translates to a decline of Ksh.39,080 or a -1%. The Funds Capital was retained at Kshs.1.45billion.



A reduction in the fixed deposits interest reported in the current period was because the Fund did not roll over the matured short-term deposits. This was because we anticipated high loans uptake from the newly elected Members of the 13th Parliament.

As at the closure of the period, the Fund's Loan receivables amounted to Ksh.287,800,637 (Members Ksh.98,553,066; Staff Ksh.189,247,571) compared to the same period last year of Ksh.172,827,233 (Members Ksh.1,029,095; Staff Ksh.171,827,233).



The significant difference of loan receivables from Honourable Member is because in the previous period, the of the 12th parliament was almost coming to an end meaning most Members had cleared their loan. Alternatively, in the current period, the Parliament is still in its early stages, and loan uptake by Members is very high. The increase on staff loan-receivables is because there are currently a big population of new staffers who have since taken up loans.

The Fund's activities expose it to a variety of financial risks including credit and market risks. The Fund's overall risk management focuses on and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund has in place policies to ensure that loans are only extended to Honourable Members and Parliamentary Staff based on the regulations and their assessed ability to service the same.

(i) Credit risk

The Fund has exposure to credit risk which is the risk that the client (Member of Parliament or Staff of the Parliamentary Service Commission) will be unable to pay amounts in full when due. This is occasioned when the Fund debtor overcommits his/her payslip after the loan has been processed.

However, this risk is mitigated by ensuring that the Fund gets the first charge at the pay-point and also by encouraging early payments through contributions and also encourage loan repayments even from other sources other than payroll only. This ensures timely loan repayment and discharge of the logbooks and release to the owners.

In addition, the loans are insured/covered for group life assurance and vehicles comprehensively insured to mitigate against any loss of the Scheme Fund.

(ii) Market risk

Market risk is the risk arising from changes in the market such as interest rate. The Fund objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return in the case of the short-term deposits.

The Fund's key management appointees are responsible for the development of detailed risk management policies as far as short-term deposit investments are concerned and the Fund has only invested with the three-tier banks which offer favourable interest rates to minimise this risk.

(iii) Finance capability risk

There is a risk that the Fund will not be able to accommodate its clientele satisfactorily if the management does not put in place measures to ensure the Fund's growth. This is because the Parliament has been expanding since the initiation of the Fund. There has been introduction of the Senate and creation of more constituencies, plus the addition of women representatives leading to an increase in the Members of Parliament from two hundred and twenty-two (222) to four hundred and eighteen (418). Additionally, more Parliamentary staff have been employed, but the Fund Capital has still been retained at ksh.1.45billion.

With reduced loans uptake by the Members of Parliament, the Fund will in the subsequent periods invest the excess cash in fixed short-term deposits aimed at earning the Fund additional income. This will also ensure avoidance of idle capital.

10. Environmental and Sustainability Reporting

The Parliamentary Service Commission is a corporate citizen that endeavours to ensure that its operations impact positively to its stakeholders and the general citizenry of Kenya. The National Assembly exists to provide essential services to the Parliament of Kenya thereby directly impacting on the quality of leadership in terms of representation, oversight and legislation which in turn impacts on all Kenyans. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on Parliamentary Service Commissions Strategic Pillars: putting the customer/citizen first, delivering relevant goods and Services, and improving operational excellence.

(i) Sustainability strategy and profile

The Parliamentary Service Commission has made key efforts and achievements towards sustainability including adopting a policy (the strategic plan) which envisions a green Parliament. To this end the Commission has procured a paperless solution which has to a great extent minimised the use of paper in daily operations. It is also envisioned that all buildings shall use green energy solutions. The Multi storey Bunge Tower under construction is one such projects that incorporates green energy solutions. Sustainability solutions, though cost effective in the long term, require resources to install and in the prevailing macroeconomic environment may seem to be costly to the institution in the procurement process.

(ii) Environmental performance

The Parliamentary Service Commission is a public entity guided by provisions of the laws of Kenya. Therefore, the environmental policy is anchored on the laws of Kenya and the institutional strategic plan. The strategic plan is the policy tool relied on to guide the organisation on environmental policy. Other than that, the Parliamentary Service Commission is mainly a consumer of various items for use including those of an ICT nature which may not be biodegradable. Our ICT policy provides for proper waste management for radioactive or electronic waste shall be disposed of only to persons licensed to handle the respective waste under section 88 of the Environmental Management and Coordination Act, 1999.

(iii) Employee welfare

The Parliamentary Service Commission is in the process of adopting its HR manual which comprises of all HR policies which guide on the hiring process. In the hiring of persons, the institution takes into consideration the constitutional principles of gender inclusivity and ethnic balance. The Commission has

procured an online recruitment system which has an instant feedback mechanism and therefore the suggestions of stakeholders are taken into account including an appeal mechanism for when the candidates are of view that they have been failed unfairly.

Cognizant of the fact that employees are the most valuable assets, the Commission is committed to training and developing all its employees.

Honourable Members and Staff of all cadres have benefited from the training programs which are continuously offered and conducted within and out of the country. Comprehensive training programs are also conducted by the Commission at its Centre for Parliamentary Studies and Training (CPST)

Some of the trainings offered include the following categories:

- Induction programs for Honourable Members of Parliament (both Senate & National Assembly)
- Performance contracting programs for the Senior level staffers of the commission
- Technical skills development for support staff
- Soft skills development to both Members and staff
- Health, Safety & Security Training
- Mandatory programs (promotional certifications)
- Continuous Professional development (CPD) for professional staffers

Other efforts toward enhancing employee job performance and improving effectiveness include:

- Carrying out an organization-wide training needs analysis.
- Identifying experts within the Commission and upskilling them to conduct various professional development programs for staff/colleagues eg Directorate of Finance and Accounting staffers are attached to various Parliamentary committee where they enhance their Secretariat as they offer their expertise in Finance related matters.
- Promotion of in-house training – setting up modern classrooms and training sessions eg accountants have had KRA Tax and Treasury IFMIS tailor-made trainings facilitated severally.
- Empowering and incentivizing employees to share knowledge/area of expertise.
- Development of staff through mentoring and coaching programs.
- Staff secondment to various County Assemblies
- The performance appraisal process has been automated. The system has been used to identify employee training needs through the mid-and end-of-year employee appraisal based on performance gaps identified.

Our Schemes of service ensure career growth through the employee's period of service. The Schemes of Service are reviewed as and when required for the development of officers within the service.

(iv) Market place practice

Responsible competition practice.

a) The Parliamentary Service Commission is guided by laws of Kenya on corruption matters. The Commission works regularly with the Ethics and Anti-Corruption Commission to develop policies which work towards the realization of a corruption free society. In the procurement process during which competition is required to be fair and free of corruption and bribery, the Commission has sensitised the employees through trainings on the provisions of the procurement law in relation to corruption. On the part of the contractors/suppliers, the tender documents require filling of an anti-corruption form for all participants in a tender.

b) For every contract, the accounting officer appoints a contract administrator or contract implementation team for complex and specialised contracts. The purpose of this is to ensure that the contract is performed as intended and to ensure that payments are raised and honoured when due. It is the responsibility of the administrator to ensure that the procuring entity meets all its payment and other obligations on time and in accordance with the contract. Once an invoice is raised, the Commission ensures that the same is processed within the shortest time possible based on the availability of the Funds.

c) The Commission advertises through the papers and its website, this ensures wide coverage and fairness in access to information

d) The Parliamentary Service Commission ensures that its services are easily accessible to the public by ensuring that the departments have a service charter.

Community Engagements

The Commission engages citizenry through its citizen engagements programmes like a Parliamentary week whereby citizens are allowed within the precincts of Parliament to learn the workings of the various departments of the Commission. It also facilitates the houses of Parliament in community engagement including participation in EALA games, and facilitating the Senate to conduct sittings in the county assemblies, among various other activities. Additionally, the Wellness Committee puts emphasis on health programs not only to the Members and staff of Parliament but to the whole country. This ensures a healthy country since wellness programs are successful in helping workers make positive health choices and changes due to several factors such as convenience, environmental support and co-worker or social acceptance.



The Parliamentary Service Commission through Commission Paper No. 986 institutionalized Sports in Parliament and established Bunge Sports club whose membership is open to Members of Parliament and Staff.



Parliament has remained open for visit by any interested Primary or Secondary schools and allowed students to follow house proceedings from the Galleries. Such visits are important; considering these are the next generation of leaders, to help them understand the role that the Parliament has in our democracy so that they know how to participate in shaping the society they live in. The visits also help to enhance public understanding, awareness and knowledge of the work of the Parliament and its operations.



We conduct guided tours of Parliament for families, tourists, organizations, County Assemblies, colleges and universities are conducted upon request through writing to the Clerk of the National Assembly. Our facilities are accessible for persons with disability.

Other events attracting visits to Parliament include:

- Swearing in of Members of Parliament;
- State Opening of Parliament;
- State of the Nation Address by the President;
- Pronouncement of Budget highlights by the Cabinet Secretary for the National Treasury (Budget Day);
- Parliamentary Open Day/ Week;
- Sittings of the East African Legislative Assembly in Kenya;
- Open day visits for the public to show their last respect to the late former Presidents of the Republic.

11. Report of The Trustees/ Fund Administration Committee

The Officer Administering the Parliamentary Car Loan Scheme Fund submits his report and financial statements for the year ended 30th June, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Parliamentary Car Loan Scheme Fund continue to be provision of a loan Scheme for the purchase of motor vehicles by members of the Scheme as per the objective and purpose of the Scheme.

Performance

The performance of the Fund for the year ended June 30, 2023, is set out on page 1-4.

Trustees

The Members of the Parliamentary Car Loan Management Committee who served during the year are shown on page (viii) – (xiii). In accordance with the laid down regulations, the committee members retire by vacation of office through dissolution of Parliament and reconstitution of membership of the Parliamentary Service Commission after an election, while staff representative is in office after an election by staff members when need arises.

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.

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established in 1999 through the Legal Notice No. 148, the Exchequer and Audit (Members of National Assembly Car Loan Scheme Fund) Regulation, 1999 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 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, 2023. 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 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 the Public Finance Management (Parliamentary Car Loan (staff) Scheme Fund Regulation 2013 and Public Finance Management (Parliamentary Car Loan (members) Scheme Fund Regulation 2013 respectively. 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, 2023, 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

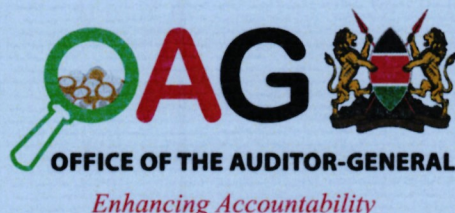
The Parliamentary Car Loan Scheme Fund's financial statements were approved by the officer administering the Fund on 18/12, 2023 and signed:


Name: **Mr. Samuel Njoroge**
Clerk of the National Assembly
The Fund Administrator


Name: **Mr. Peter A. Meikoki**
Deputy Director Finance and Accounting
ICPAK No. 4339

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON PARLIAMENTARY CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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, risk management environment and 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

Opinion

I have audited the accompanying financial statements of Parliamentary Car Loan Scheme Fund set out on pages 1 to 19, which comprise of the statement of financial position, as at 30 June, 2023, and the statement of financial of 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, the financial statements present fairly, in all material respects, the financial position of Parliamentary Car Loan Scheme Fund as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Parliamentary Car Loan (Members) Scheme Fund) (Amendment) Regulations, 2015, amended 2020.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Parliamentary Car Loan 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 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, I confirm that, nothing 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

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 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


13 December, 2023

14. Statement of Financial Performance for the year ended 30th June 2023.


Description	Note	2022/23	2021/22
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	5	53,403,451	111,191,901
Total revenue		53,403,451	111,191,901
Expenses			
Use of goods and services	6	2,197,835	2,181,568
Total expenses		2,197,835	2,181,568
Surplus for the period		51,205,616	109,010,333

The notes set out on pages 7 to 18 form an integral part of these Annual Financial Statements

The financial statements were approved on 15/12/, 2023 by:



Mr. Samuel Njoroge
Clerk of The National Assembly
The Fund Administrator



Mr. Peter A. Meikoki
D/Director Finance and Accounting
ICPAK No. 4339


Hon. Joyce C. Korir
Vice chairperson PSC
Chairperson of the Fund

15. Statement of Financial Position as at 30th June 2023


Description	Note	2022/23	2021/22
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	7	1,781,069,435	1,787,481,014
Receivables	8	289,355,437	229,012,809
Total Current Assets		2,070,424,872	2,016,493,823
Total assets		2,070,424,872	2,016,493,823
Liabilities			
Trade and other payables (Refundable deposits)	9	8,605,418	5,879,985
Total Current Liabilities		8,605,418	5,879,985
Total liabilities		8,605,418	5,879,985
Net assets			
Car Loan revolving Fund /Fund capital		1,450,000,000	1,450,000,000
Accumulated surplus		611,819,454	560,613,838
Total net assets and liabilities		2,070,424,872	2,016,493,823

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Fund financial statements were approved on 15/12/2023, and signed by:



Mr. Samuel Njoroge
Clerk of The National Assembly
The Fund Administrator



Mr. Peter A. Meikoki
D/Director Finance and Accounting
ICPAK No. 4339

Hon. Joyce C. Korir
Vice chairperson PSC
Chairperson of the Fund

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021	1,450,000,000	451,603,505	1,901,603,505
Surplus/(deficit) for the period		109,010,333	109,010,333
As at 30 June 2022	1,450,000,000	560,613,838	2,010,613,838
Balance as at 1 July 2022	1,450,000,000	560,613,838	2,010,613,838
Surplus/(deficit) for the period		51,205,616	51,205,616
As at 30 June 2023	1,450,000,000	611,819,454	2,061,819,454

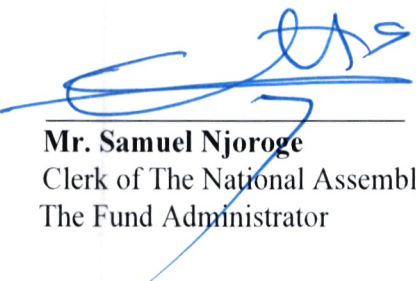
Mr. Samuel Njoroge
Clerk of The National Assembly
The Fund Administrator


Mr. Peter A. Meikoki
D/Director Finance and Accounting
ICPAK No. 4339

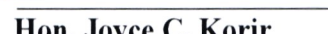
Hon. Joyce C. Korir
Vice chairperson PSC
Chairperson of the Fund

17. Statement of Cash Flows for the year ended 30th June 2023

Description	Note	2022//23 Kshs.	2021/22 Kshs.
Cash flows from operating activities			
Receipts			
Interest received	5	53,403,451	111,191,901
Total receipts		53,403,451	111,191,901
Payments			
Use of goods and services	6	2,197,835	2,181,568
Total payments		2,197,835	2,181,568
Net cash flow from operating activities		51,205,616	109,010,333
Cash flows from investing activities			
(Increase)/Decrease in Accounts receivable	8	(60,342,628)	124,032,438
Increase/(Decrease) in Accounts payable		2,725,433	519,255
Net cash flows used in investing activities		57,617,195	124,551,693
Net increase/(decrease) in cash and cash equivalents		(6,411,579)	233 562 026
Cash and cash equivalents at 1 July 2022	7	1,787,481,014	1 553 918 988
Cash and cash equivalents at 30 June 2023	7	1,781,069,435	1,787,481,014


Mr. Samuel Njoroge
Clerk of The National Assembly
The Fund Administrator



Mr. Peter A. Meikoki
D/Director Finance and Accounting
ICPAK No. 4339



Hon. Joyce C. Korir
Vice chairperson PSC
Chairperson of the Fund

18. Parliamentary Car Loan Fund Proposed Budget

Statement of Comparison of Budget and Actual amount for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Interest from loan repayments	6,727,000		6,727,000	6,368,335	358,665	94.7
Fixed deposits Interest income	52,390,000		52,390,000	47,035,116	5,354,884	89.8
Total Revenue	59,117,000		59,117,000	53,403,451	5,713,549	90.3
Expenses/use of goods and services						
Fund administration expenses	1,800,000		1,800,000	1,800,000	0	100
Committee sitting allowance	472,500		472,500	322,500	150,000	68.3
Bank charges	101,100		101,100	75,335	25,765	74.5
System maintenance	150,000		150,000	0	150,000	0
Total expenditure	2,523,600		2,523,600	2,197,835	325,765	87.1
Surplus for the period	56,593,400		56,593,400	51,205,616	5,387,784	92.9


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The Fund Administrator


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D/Director Finance and Accounting
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Chairperson of the Fund

Explanations

As per IPSAS 24.14 it's a requirement for the Fund administrator to provide explanations where the difference between the actual and budgeted amounts are 10% over/under.

Fund had budgeted for a Ksh. 150,000 related to systems certificates and maintenance during the period but the service provider gave us a 100% discount.

The Fund had projected to roll-over some of the matured fixed deposits. However, this was not the case since, the 13th parliament being young, we were in anticipation that most of the cash would have been paid out in loans.

The Fund had projected that the loans management committee would at least sit once every two months over the period under review with a 75% committee member attendance. However, the committee was able to attain quorum for only three sittings. As per the regulations, committee is required to sit atleast once every month.

The fund had anticipated that the bank charges for the period would be double compared to the previous period. This is because we expected more bank loan payment related transactions charges but there were fewer of those transactions.

19. Notes to the Financial Statements

1. General Information

Parliamentary Car Loan Fund is established by and derives its authority and accountability from The Public Finance Management Act, 2012 (No. 18 of 2012). The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to facilitate acquisition of motor vehicles for Members of National Assembly, The Senate and staff of Parliamentary Service Commission by providing a loan Scheme for the purchase, insurance and overhaul by members of the Scheme; and to perform other functions necessary for the welfare of the honourable Members and staff.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2023.

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

ii. Early adoption of standards

The Fund did not early – adopt any new or amended standards in the year 2022/23.

3. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

b. Budget information

The original budget for FY 2022/23 was approved in April 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund did not receive/record any additional appropriations of the FY 2022/2023 budget.

The Fund's budget is prepared on a different basis from 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.

c. Property, plant, and equipment (PPE)

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 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.

d. Intangible assets

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

e. Financial instruments

1) 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 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 to 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 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, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Fund 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 Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Fund 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)

2) 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 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.

f. Contingent liabilities

The 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.

g. Contingent assets

The 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 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.

h. Nature and purpose of reserves

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

i. Changes in accounting policies and estimates

The 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.

j. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

k. Related parties

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

l. 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 Co-operative bank of Kenya as at 30th June, 2023

m. Comparative figures

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

n. Events after the reporting period

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

o. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

p. Currency

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

Significant Accounting Policies (Continued)

4. Significant judgments and sources of estimation uncertainty

The preparation of the 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.

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the 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 is based on the assessment of experts employed by the 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

Notes to the Financial Statements

5. Interest Income.

<i>Description</i>	<i>2022/23</i>	<i>2021/22</i>
	<i>Kshs.</i>	<i>Kshs.</i>
Interest from loans repayments	6,368,335	6,407,415
F/Deposits interest	47,035,116	104,784,486
Total Interest income	53,403,451	111,191,901

6. Use of goods and services

<i>Description</i>	<i>2022/23</i>	<i>2021/22</i>
	<i>Kshs.</i>	<i>Kshs.</i>
Administrative Allowances	1,800,000	1,800,000
Bank charges	75,335	50,568
Committee sitting allowances	322,500	135,000
System maintenance cost		196,000
Total Fund expenses	2,197,835	2,181,568

7. a) Cash and cash equivalents

<i>Description</i>	<i>2022/23</i>	<i>2021/22</i>
	<i>Kshs.</i>	<i>Kshs.</i>
Fixed Deposit Accounts		864,370,702
Current Account	1,781,069,435	923,110,312
Total Cash and Cash equivalents	1,781,069,435	1,787,481,014

7. b) Detailed analysis of the cash and cash equivalents in banks.

<i>Financial Institution</i>	<i>Account number</i>	<i>2022/23</i>	<i>2021/22</i>
		<i>Kshs.</i>	<i>Kshs.</i>
Fixed Deposit Accounts			
Co-operative Bank of Kenya	011322 0024 4813		535,776,056
Co-operative Bank of Kenya	011362 0024 4800		
Kenya Commercial Bank	12695 61251		328,594,646
Sub- Total			864,370,702
Current Account			
Co-operative Bank of Kenya	01136 2002 4800	1,718,535,515	895,989,603
Co-operative Bank of Kenya	01136 2002 4801	62,533,920	27,120,709
Sub- Total		1,781,069,435	923,110,312
Grand Total		1,781,069,435	1,787,481,014

8. Receivables from exchange Transactions

Description	2022/23		2021/22	
	Kshs.		Kshs.	
Current Receivables				
F/Deposits interest receivable			56,185,576	
Cash office receivable	1,554,800			
Total Current Receivables	1,554,800		56,185,576	
Non-Current Receivables				
Outstanding loans end of period	287,800,637		172,827,233	
Total Receivables	289,355,437		229,012,809	
Ageing analysis (receivable from exchange transactions)	2022/23	% of total	2021/22	% of total
Less than 1 year	1,554,800	0.5%	56,185,576	24.5%
Between 1-2 years	57,560,127	20%	1,029,095	0.5%
Over 3 years	230,240,510	79.5%	171,798,138	75%
Total (tie to totals above)	289,355,437	100%	229,012,809	100%

9. Refundable deposits from customers/ fund payables/ pre-payments

Description	2022/23		2021/22	
	Kshs.		Kshs.	
Fund Contributions	7,698,173		2,097,300	
Fund creditors Staff	844,188		2,217,697	
Fund Creditors Hon. Members	63,057		1,429,988	
Committee Sitting allowance in arrears			135,000	
Total trade and other payables	8,605,418		5,879,985	
Ageing analysis: (Trade and other payables)	2022/23	% of total	2021/22	% of total
Under one year	8,605,418	100%	5,879,985	100%
Total	8,605,418	100%	5,879,985	100%

Other Disclosures

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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 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 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 the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

There has been no change to the Fund'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 Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.

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 Fund capital structure comprises of the following Funds:

Description	2022/23	2021/22
	Kshs.	Kshs.
Revolving Fund	1,450,000,000	1,450,000,000
Accumulated surplus	611,819,454	560,613,838
Total Funds	2,061,819,454	2,010,613,838
Less: cash and bank balances	1,781,069,435	1,787,481,014
Net debt/(excess cash and cash equivalents)	280,750,019	223,267,824
Gearing	13.6%	11%

11. 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) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

b) Related party transactions

i. Key management remuneration

During the year, the Fund administration Committee and the Key management team were paid sitting allowances and monthly allowances amounting to Ksh.322,500 and Ksh.1,800,000 respectively all totalling to Ksh.2,122,500. The Loans Committee Members are paid per sitting at the same rate applicable to other Parliamentary Committees sittings.

Description	2022/23	2021/22
	Kshs.	Kshs.
Board of Trustees	322,500	135,000
Key Management Compensation	1,800,000	1,800,000
Total	2,122,500	1,935,000

12. Annexes

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

The financial statements for the financial year 2021/2022 were submitted to the Office of the Auditor review done and unqualified audit report issued. However, the 2020/2021 financial year, the Fund had a qualified Audit report but the issue raised has so far been resolved. The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
2020/2021	Contrary to the guidelines and template prescribed by the Public sector Accounting Standards Board, the Funds financial statements submitted for audit review did not include the statement of comparison budget and actual amounts.	The Fund has in the subsequent Reports (both quarterly and annual Report and Financial Statements) included the statement of comparison budget and actual amounts as required in the reporting template and as guided by the OAG.	The Management appeared and resolved the issue at the Special Funds Account Committee	Resolved

Annex II: Parliamentary Car Loan Fund trial balance for the year ended 30th June, 2023.

Particulars	Dr	Cr
	Ksh.	Ksh.
Interest Income		
Interest from Loan repayments		6,368,335
Interest from F/Deposits		47,035,166
Use of goods and services		
Administrative Allowances	1,800,000	
Bank charges	75,335	
Committee allowances	322,500	
cash and cash equivalent		
Current account '01136 20024 4800	1,718,535,515	
Current account '01136 20024 4801	62,533,920	
Fund prepayments		
Contributions		7,698,173
Creditors -Staff		844,188
Creditors -Hon. Members		63,057
Fund Receivables		
Outstanding loans advanced end of period	287,800,637	
Cash office receivable	1,554,800	
Revolving Fund/Seed Capital		1,450,000,000
Accumulated Surplus bf		560,613,838
	2,072,622,707	2,072,622,707

Annex III: Tour



As you plan to visit and tour the Parliament of Kenya; note that; **there are rules and guidelines regarding admission and conduct of visitors**, they are contained in the Speaker's Rules. Some of the rules include:

- Decent dress code by visitors. For admission in the Speaker's Gallery, male visitors must wear a tie and a coat/ blazer.
- Maintaining silence in the Public Gallery at all times.
- Not cheering or applauding in the Galleries.
- Not taking notes in the Galleries.
- Not filming nor taking photographs or using mobile phones in the Galleries.
- Photography and use of mobile phones in Parliament is limited to certain areas. If you are not sure about where you can take photos, please ask our Protocol Officers or Serjeant-at-Arms for information and help.

Facilities

The Staff Cafeteria and ablution facilities are available for the convenience of visitors. The Protocol Officers or Serjeant-at-Arms will guide you accordingly



Ladies and gentlemen, you are welcome.