

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**BARINGO COUNTY ASSEMBLY (STAFF)
CAR LOAN AND MORTGAGE FUND**

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



**BARINGO COUNTY ASSEMBLY (STAFF) CAR LOAN AND
MORTGAGE FUND**

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

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

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Baringo County Assembly Staff Car Loan & Mortgage Fund is established by and derives its authority and accountability from Public Finance management (Baringo County Assembly Staff Car Loan Regulations 2019) and Public Finance Management (Baringo County Assembly Staff Mortgage Fund Regulations, 2019). The Fund is wholly owned by the County Assembly of Baringo and is domiciled in Kenya.

The fund's objective and purpose is to provide a car loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by staff of the County Assembly as is prescribed by the Salaries and Remuneration Commission in their letter dated 27th November 2013.

b) Principal Activities

The Fund's principal activity is the provision of loans and mortgages to the Staff of County Assembly and ensuring that loans advanced are recovered.

c) Loans Management Committee Members

Ref	Name	Position
1	Hon. Lawi Tallam	Chairman
2	Hon Sam Lourien	Member
3	Jepkemoi Chemase	Fund administrator
4	Lulu Chochoi	Principal HR officer(ex-officio member)
5	Betty Toroitich	Legal Officer(ex-officio member)
6	CPA Alfred Keitany	Director Finance & Accounting Services (ex-officio member)

d) Key Management team

Ref	Name	Position
1	Jepkemoi Chemase	Clerk to the Assembly
2	CPA Alfred Keitany	Director Finance & Accounting Services
3	Betty Toroitich	Legal Officer
4	Lulu Chochoi	Principal HR officer(ex-officio member)

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Principal Internal Auditor	Kiprotich Kipsegerwo
2	County Public Accounts & Investments Committee	1.Hon. Mark Sialo- Chairperson 2.Hon. Clement Lomariongoria – Vice Chairperson 3. Hon. Ayub Serem – Member 4. Hon. Kennedy Kiprono – Member 5. Hon. Loice Kipseba – Member 6. Hon. Solomon Makal – Member 7. Hon. Linah Chebet – Member

f) Registered Offices

P.O. Box 159 -30400
County Assembly Building
Kabarnet – Iten Road
Kabarnet, KENYA

g) Fund Contacts

Telephone: (254) 053-22115
E-mail: baringocountyassembly@gmail.com
Website: www.baringoassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Kabarnet Branch
P.O. Box 175-30400
Kabarnet

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser





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

k) Principal Legal Officer



County Assembly of Baringo,
P.O. Box 159-30400,
Kabarnet, Kenya.

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Loans Management Committee





Name	Details of qualifications and experience
 <p>1. Hon. Lawi Tallam - Leader of Majority Party to the County Assembly. Chairman</p>	<p>Year of Birth: 1977 Key Qualifications: K.C.S.E Work experience : Currently Member, Baringo County Assembly</p>
 <p>2. Hon. Sam Lourien -Leader of Minority Party to the County Assembly.Member</p>	<p>Year of Birth:1984 Key Qualifications: Diploma in Public Administration Work experience : Currently Member, Baringo County Assembly</p>
 <p>3. Jepkemoi Chemase – Administrator of the Fund and Secretary to the Committee (Clerk to County Assembly)</p>	<p>Year of Birth:1976 Key Qualifications: Bachelor of Education Masters in Business Administration (Human Resource Management Option) Work experience: Currently Clerk to the County Assembly Administrator of the Fund and Secretary to the LMC Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022 Employee of the Teachers Service Commission: 1998 to 2013</p>
 <p>4. CPA Alfred Keitany the Director Finance &</p>	<p>Year of Birth:1983 Key Qualifications: MBA(Finance)- Catholic University of Eastern Africa Bachelor of Business Management(Accounting Option)- Moi University Work experience: Director Finance & Accounting Services, Baringo County Assembly-April 2020 to date Principal Accountant- Min. of Health(NASCOP)-2009-2020</p>

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Accounting Services (ex-officio member)	
 5. Betty Toroitich	Year of Birth:1986 Key Qualifications: Bachelor of Law Work experience : Currently Legal Officer, Baringo County Assembly Ex-Officio member
 6. Lulu Chochoi-Principal HR Officer	Year of Birth:1988 Key Qualifications: Bachelor Business administration(Human Resource Option) Work experience : Currently, Principal Human Resource Officer Baringo County Assembly, Membership. Full member I.H.R.M (Ex-Officio Member)

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team

Name	Details of qualifications and experience
 <p>Jepkemoi Chemase</p>	<p>Year of Birth:1976 Key Qualifications: Bachelor of Education Masters in Business Administration (Human Resource Management Option) Work experience: Employee of the Teachers Service Commission: 1998 to 2013 Deputy Clerk- Administration, Baringo County Assembly: 2013 to 2022 Currently Clerk to the County Assembly/ Administrator of the Fund and Secretary to the LMC</p>
 <p>CPA Alfred Keitany</p>	<p>Year of Birth:1983 Key Qualifications: MBA (Finance)-Catholic University of Eastern Africa. Bachelor of Business Management (Accounting Option)-Moi University. CPA(K) Work Experience: Principal Accountant-Min of Health (NASCOP) 2009-2020. Currently Director Finance and Accounting Services, Baringo County Assembly Ex-Officio member</p>
 <p>Betty Toroitich</p>	<p>Year of Birth:1986 Key Qualifications: Bachelor of Law Work experience : Currently Legal Officer, Baringo County Assembly Ex-Officio member</p>
 <p>4. Lulu Chochoi</p>	<p>Year of Birth:1988 Key Qualifications: Bachelor Business administration(Human Resource Option) Work experience : Currently, Principal Human Resource Officer Baringo County Assembly, Membership. Full member I.H.R.M (Ex-Officio Member)</p>

5. Loans Management Committee Chairperson's Report

It is my pleasure to present the Baringo County Assembly Staff Car Loan & Mortgage Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past year.

(a) Changes in the Fund's Management during the year

There were changes in the management due to exit of the external board member. The fund came into existence on July 2020 with initial capital of Ksh.12,000,000. During the month of August 2020 the first amount was disbursed with initial members being only Five and has currently increased to twenty two members The fund account received additional Ksh.18,600,000 in FY/2022/2023 from the exchequer thus bringing the total fund balance to Ksh.51,600,000

(b) Surplus for the period

During the year ended 30th June 2023, the Fund realized a surplus of Ksh 1,054,098 This is the third year of operation of the Fund. The interest income earned during the period amounted to Ksh.1,060,809 while the expenses in the period were Ksh. 6,711

(c) Future Outlook of the Fund

All Staff of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well.

(d) Conclusion

In conclusion, FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity. The Fund has been instrumental in facilitating the Staff purchase motor vehicles and/or purchase or develop residential property to improve their welfare and enable them deliver on their mandate.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.

Name.....*Hon. Lawrence Kallam*.....Signature.....*[Signature]*.....Date.....*14/12/23*.....

Chairperson of the Loans Management Committee

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Report of the Fund Administrator

It is my pleasure to present the Baringo County Assembly Staff Car Loan & Mortgage Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past year.

The performance of the Fund can be summarized in the following major areas:

(a) Key Management Team

The Fund's key management team is comprised of the Fund Administrator, Director Finance and Accounting Services, the Legal Officer and Principal Human Resource Officer.

(b) Surplus for the period

During the year ended 30th June 2023, the Fund realized a surplus of Ksh. 1,054,098 This is the Fourth year of operation of the Fund. The interest income earned during the period amounted to Ksh. 1,060,809 while the expenses in the period were Ksh. 6,711

(c) Future Outlook of the Fund

All Staff of the County Assembly who were eligible to the Car Loans & Mortgage in the period under review have already been advanced and recoveries are under way and progressing well.

The Loans Management Committee has set up a loan revolving fund for staff matching their entitlement as per the Salaries and Remuneration Commission guidelines.

Conclusion

In conclusion, FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity.

I thank all the Members of the Loans Management Committee for their continued commitment and dedication through hard work in delivering services to the Members and staff of the Assembly.

Name.....J. Chem.....Signature.....[Signature].....Date.....4/12/2023.....

Fund Administrator



7. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key objectives and purpose of the Fund as per the Regulations are to:

- a) Provide a loan scheme for the purchase of motor vehicles by Staff of the County Assembly as may be prescribed by the Salaries and Remuneration Commission; and
- b) Provide a loan scheme for the purchase, development, renovation or repair of residential property by Staff of the County Assembly as shall be determined by the Salaries and Remuneration Commission.

Progress on attainment of the Fund’s objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Staff Car Loans & Mortgage	To improve the welfare of staff by facilitating the purchase of motor vehicles and the purchase, development, renovation or repair of residential property	Increased number of staff owning Houses and vehicles	In FY 22/23, car loans and mortgages of Ksh.28,900,000 were disbursed to ten, members of staff.	Staff Car Loans & Mortgage

8. Corporate Governance Statement

Baringo County Assembly consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The County Assembly (CA) is currently composed of 30 elected and 15 nominated members. The County Assembly is headed by the Speaker, who is elected by the MCAs.

The Loans Management Committee consist of the following members:

- (a) The Speaker of the County Assembly, who shall be the Chairperson to the committee;
- (b) Leader of Majority Party to the County Assembly;
- (c) Leader of Minority Party to the County Assembly;
- (d) One person appointed to the County Assembly Service Board under Section 12 (3) (d) of the County Government Act, 2012;
- (e) Two Members elected by members of the County Assembly, one representing either gender;
- (f) The County Assembly Head of Finance (ex-officio member);
- (g) The County Assembly Legal Officer (ex-officio member);
- (h) The County Chief Officer, Treasury and Economic Planning or his or her representative (ex-officio member) and
- (i) Administrator of the Fund who shall be the Secretary of the Committee appointed under regulation 7.
- (j) The head of human resource management in the County Assembly.

During financial year 2022-2023, the Loans Management Committee held six meetings. The meetings of the Committee are 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 a meeting of the Committee shall be Chairperson and any other three members.

The Committee administers the Fund by:

- (a) Processing applications for loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaising with the housing company (if any) to set up a revolving fund for the disbursements of the loans; and
- (c) Supervising the day-to-day running of the Fund.

The allowances payable to the Committee members are determined by the Salaries and Remuneration Commission.

The annual financial statements of the Fund are subject to audit by the Auditor- General.

9. Management Discussion and Analysis

The major risk facing the Assembly's Staff Car Loan & Mortgage Fund is loan default in case of the death of a member. However, this risk has been mitigated by insuring all the members' loans for the benefit of the member of the scheme. This will ensure that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the Insurance Company.

Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All Car Loan & Mortgages granted to the Staff are currently being recovered through the payroll check-off system from the members' monthly emolument. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight.

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

10. Report of The Trustees

The LMC submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide a loan scheme for the purchase of motor vehicles and the purchase, development, renovation or repair of residential property by Staff of the County Assembly as prescribed by the Salaries and Remuneration Commission.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 5.

Trustees

The members of the LMC who served during the year are shown on pages vii to ix.

Auditors

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

By Order of the Board


.....

Chair of the Loans Management Committee

Date:

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Baringo County Assembly Staff Car Loan Scheme Regulations 2019 and the Baringo County Assembly Staff Mortgage Scheme Fund Regulations 2019 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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.

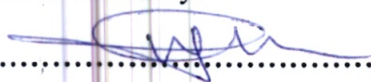
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Baringo County Assembly Staff Car Loan Scheme Regulations 2019 and the Baringo County Assembly Staff Mortgage Scheme Fund Regulations 2019. 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 County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 14/12/2023 and signed on its behalf by:

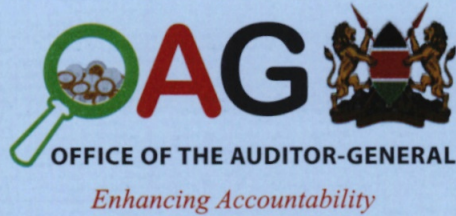


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Administrator of the County Public Fund



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY ASSEMBLY (STAFF) CAR LOAN AND MORTGAGE 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Assembly (Staff) Car Loan and Mortgage Fund set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Assembly (Staff) Car Loan and Mortgage Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Baringo County Assembly Staff Car Loan Fund Regulations 2019, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Interest Income

The statement of financial performance reflects Interest Income of Kshs.1,060,809 as disclosed in Note 1 to the financial statements. However, detailed schedule showing opening balances, loans issued in the year and interest rate chargeable to arrive at the balance was not provided for audit review.

In the circumstances, the accuracy and completeness of interest income amount of Kshs.1,060,809 for the year ended 30 June, 2023 could not be confirmed.

2. Unsupported Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables balance of Kshs.5,114,295 as disclosed in Note 4 to the financial statements. However, a detailed schedule showing opening balances, loan issued and repayments used to arrive at the closing balance was not provided for audit review.

In the circumstances, the accuracy and fair statement of the current portion of long-term receivables balance of Kshs.5,114,295 as at 30 June, 2023 could not be confirmed.

3. Unsupported Long-Term Receivables from Exchange Transactions

The statement of financial position also reflects long-term receivables balance of Kshs.42,969,116 as disclosed in Note 4 to the financial statements. However, detailed schedule showing opening balances, loan issued, and repayments used to arrive at the closing balance was not provided for audit review .

In the circumstances, the accuracy and fair statement of long-term receivables balance of Kshs.42,969,116 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Baringo County Assembly (Staff) Car loan and Mortgage Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in

accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report on 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 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unsecured Car Loans and Mortgage

Note 4 to the financial statements reflects total receivables from exchange transactions balances of Kshs.48,083,411 in respect of car and mortgage loans. However, security documents by way of motor vehicle logbooks and titles deeds for the properties financed by the scheme have not been jointly registered in the names of the Fund and beneficiaries. This is contrary to the Fund Regulations which requires the registration to be joint.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 the International Standards for Supreme Audit Institutions ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 comply 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 controls 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 controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Management.
- Conclude on the appropriateness of 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

22 March, 2024

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

13. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Revenue from exchange transactions			
Interest income	1	1,060,809	640,816
Total revenue		1,060,809	640,816
Expenses			
Use of goods and services	2	6,711	34,642
Total expenses		6,711	34,642
Surplus/(deficit) for the period		1,054,098	606,173

(The notes set out on pages 18 to 23 form an integral part of these Financial Statements)

.....
Name: Jepkemoi Chemase
Administrator of the Fund



.....
Name: CPA Alfred Keitany
Director Finance & Accounting Services
ICPAK Member Number:17968



**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	3	5,246,234	10,794,414
Current portion of long- term receivables from exchange transactions	4	5,114,295	3,413,154
Debtors	11	225,000	-
		10,585,529	14,207,568
Non-current assets			
Long term receivables from exchange transactions	4	42,969,116	19,692,980
Total assets		53,554,645	33,900,548
Current Liabilities			
Revolving Fund		51,631,567	33,031,567
Accumulated surplus		1,923,078	868,981
Total net assets and liabilities		53,554,645	33,900,548

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14/12/2023 and signed by:

.....
Name: Jepkemoi Chemase
Administrator of the Fund



.....
Name: CPA Alfred Keitany
Director Finance & Accounting Services
ICPAK Member Number: 17968



**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

	Note	Revolving Fund	Revaluation Reserve KShs	Accumulate d surplus KShs	Total KShs
Balance as at 1 July 2021		24,000,000	-	262,807	24,262,807
Funds received during the year	5	9,000,000	-	-	9,000,000
Surplus/(deficit) for the period		-	-	606,173	606,173
Car Loan/Mortgage Insurance premium received from Staff	7	63,846	-	-	63,846
Refund from Members Car Loan and Mortgage Fund	6	64,253	-	-	64,253
Car Loan/Mortgage Insurance premium paid to Jubilee Insurance company	8	(96,532)	-	-	(96,532)
Balance as at 30th June 2022		33,031,567	-	868,980	33,900,547
Balance as at 1 July 2022		33,031,567	-	868,980	33,900,547
Surplus/(deficit) for the period		-	-	1,054,098	1,054,098
Funds received during the year	5	18,600,000	-	-	18,600,000
Balance as at 30 June 2023		51,631,567	-	1,923,078	53,554,645

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Cash Flows for the Year Ended 30 June 2023

	Note	FY 2022/2023	FY 2021/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Interest received	1	1,060,809	640,816
Total Receipts		1,060,809	640,816
Payments			
Use of goods and services	2	6,711	34,642
Log Book Charges	11	225,000	-
Total Payments		231,711	34,642
Net cash flows from operating activities		829,098	606,174
Cash flows from investing activities			
Proceeds from loan principal repayments	9	3,861,303	2,893,573
Loan disbursements paid out	10	(28,900,000)	(12,900,000)
Net cash flows used in investing activities		(25,038,697)	(10,006,427)
Cash flows from financing activities			
Exchequer receipts	5	18,600,000	9,000,000
Refund from Members Car Loan and Mortgage Fund	6	-	64,253
Insurance Premium received	7	-	63,846
Insurance Premium paid	8	-	(96,532)
Net cash flows used in financing activities		18,631,567	8,967,721
Cash and cash equivalents at 1 JULY		10,794,414	11,226,946
Cash and cash equivalents at 30 JUNE		5,246,234	10,794,414

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

17. Statement of Comparison of Budget and Actual Amounts for the Period ended 30th June 2023

18.	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	KShs	
Interest income	1,060,809	-	1,060,809	1,060,809	100%
Total income	1,060,809	-	1,060,809	1,060,809	100%
Expenses					
Finance Costs	6,711	-	6,711	6,711	100%
Total expenditure	6,711	-	6,711	6,711	100%
Surplus for the period	1,054,098	-	1,054,098	1,054,098	100%

1. *Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Notes to the Financial Statements

1. General Information

Baringo County Assembly (Staff) Car Loan and Mortgage Fund entity is established by and derives its authority and accountability from the Baringo County Assembly Staff Car Loan Scheme Regulations 2019 and the Baringo County Assembly Staff Mortgage Scheme Fund Regulations 2019. The entity is wholly owned by the Baringo County Government and is domiciled in Kenya. The entity's principal activity is the provision of loans and mortgages to the Staff of County Assembly and ensuring that loans advanced are recovered.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

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

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30th June 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 entity upon receiving the respective approvals in order to conclude the final budget.

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

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Interest Income

Description	FY2022/2023	FY 2021/2022
	KShs	KShs
Interest income from loans-Cash received	1,060,809	640,816
Interest income from loans- Receivable	-	-
Total interest income	1,060,809	640,816

2. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Sitting Allowances	-	29,500
Bank Charges	6,711	5,142
Total	6,711	34,642

3. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Baringo County assembly Staff Car loan & Mortgage account	5,246,234	10,794,414
Total	5,246,234	10,794,414

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

Financial institution	Account number	FY 2022/2023	FY 2021/2022
		KShs	KShs
Current account			
Kenya Commercial bank	1271884267	5,246,234	10,794,414
Grand total		5,246,234	10,794,414

Baringo County Assembly (Staff) Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

4. Receivables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current Receivables		
Current loan repayments due	5,114,295	3,413,154
Total Current receivables	5,114,295	3,413,154
Non-Current receivables		
Long term loan repayments due	42,969,116	19,692,980
Total Non- current receivables	42,969,116	19,692,980
Total receivables from exchange transactions	48,083,411	23,106,134

5. Exchequer Receipts

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Exchequer Receipts	18,600,000	9,000,000
Total	18,600,000	9,000,000

6. Refund from Members Car Loan and Mortgage Fund: This represents the money received from members car loan and mortgage account due to erroneous payments meant for staff fund account for monthly loan repayments for the period under review

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Refund from Members Car Loan and Mortgage Fund	-	64,253
Total	-	64,253

7. Insurance Premiums Receipt: This refers to insurance premiums from members for onward submission to insurance companies

Description	FY 2022/2023	FY 2021/2022
		KShs
		63,846
Total	-	63,846

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8. Insurance Premiums Payments: This refers to insurance premiums from members paid to insurance companies.

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Insurance Premiums	-	96,532
Total	-	96,532

9. Principal Loan Payments: This refers to total part of the loan (principal & interest) repaid exclusive of interest i.e. the principal loan repayments for which the cash had been received in the Fund Account as at 30 June 2023

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Principal Loan Repayments-Cash	3,861,303	2,893,573
Total	3,861,303	2,893,573

10. Loan Disbursements: This refers to total Loans Issued to members from the Fund Account in the Period of FY 2022/2023

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Loan Disbursements	28,900,000	12,900,000
Total	28,900,000	12,900,000

11. Debtors: This refers to total amount of money used to charge log book for the members .This funds are refundable from members Car Loan & Mortgage Fund

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Debtors	225,000	-
Total	225,000	-

12. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;

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d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From County Assembly Recurrent Account	18,600,000	9,000,000
Total	18,600,000	9,000,000

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Loans Management Committee Sitting allowance	-	29,500
Total	-	29,500

13. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				

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Receivables From Exchange Transactions	48,083,411	48,083,411	-	-
Bank Balances	5,246,234	5,246,234	-	-
Total	53,329,645	53,329,645	-	-
At 30 June 2022				
Receivables From Exchange Transactions	23,106,134	23,106,134	-	-
Bank Balances	10,794,414	10,794,414	-	-
Total	33,900,548	33,900,548	-	-

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

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

b) Liquidity risk management

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

c) Market risk

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

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

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

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

i. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management.

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revolving fund	51,631,567	33,031,567
Accumulated surplus	1,923,078	868,981
Total funds	53,554,645	33,900,548
Total borrowings	-	-
Less: cash and bank balances	(5,246,234)	(10,794,414)
Net debt/(excess cash and cash equivalents)	(5,246,234)	(10,794,414)
Gearing	-	-

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Public Fund established by the Baringo County Assembly Staff Car Loan Scheme Regulations 2019 and the Baringo County Assembly Staff Mortgage Scheme Fund Regulations 2019 under the County Assembly of Baringo. Its ultimate parent is the County Government of Baringo.

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16. Currency

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

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19. Annexes

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Interest income	The item has been supported in the Financial Statements	Resolved	N/A
2.	Current Portion of Long Term Receivables from exchange Transactions	A detailed Schedule has been Provided to Support the reported Balance	Resolved	N/A
3.	Long Term Receivables from exchange	A detailed Schedule has been Provided to Support the reported Balance	Resolved	N/A
2.0	Unsupported interest income	A general ledger has been prepared to support principal loan, loan repayment, interest repayment & outstanding loan balance	Resolved	N/A
Basis for Conclusion				
1.	Unsecured Car Loans and mortgage	The management is working to ensure there is joint ownership of car log book by staff and the assembly	Not Resolved	30/6/2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator



Date.....

