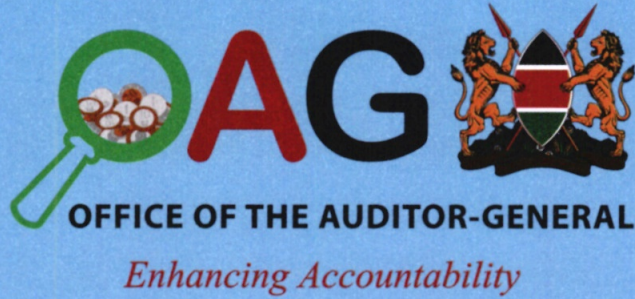


REPUBLIC OF KENYA



# REPORT

OF

PARLIAMENT  
OF KENYA  
LIBRARY

THE AUDITOR-GENERAL

ON

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

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

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Dep. Mas. W. W. W.
COMMITTEE	C.P.I.C
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**KIAMBU COUNTY ASSEMBLY  
COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND**

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

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



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**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**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
DoB	Date of birth
FY	Financial Year
LLB	Bachelor of Laws
UoN	University of Nairobi
CPS	Certified Public Secretaries
IHRM	International Human Resource Management
ICPS	International Centre for Parliamentary Studies
SRC	Salaries and Remuneration Commission
KRA	Kenya Revenue Authority
KCA	Kenya College of Accountancy
MCA	Member of County Assembly
USA	United States of America
M/NO	Membership Number
LSK	Law Society of Kenya
EALS	East African Law Society

b) Glossary of Terms

Fiduciary Management: The key management personnel who had financial responsibility were;

1. Director Internal Audit;
2. County Assembly Public Account and Investments Committee;
3. The Loan Management Committee.



## **2. Key Entity Information and Management**

### **a) Background information**

Kiambu County Assembly Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund” regulations, 2014 dated 14th and 22nd May 2014, respectively. The Fund is wholly owned by the County Assembly of Kiambu, Kenya.

The Fund aims to provide a Car Loan and Mortgage to Members of the County Assembly to purchase, develop, renovate, or repair a residential property.

### **b) Principal Activities**

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

The Kiambu County Assembly Vision, Mission, and Core Values:

#### **Vision**

To be a vibrant, value-oriented, quality-driven, driven, and people-responsive County Assembly in Kenya.

#### **Mission**

To be a transformative, efficient, effective, and democratic discharge of representation, legislative, and oversight mandates.

#### **Core values**

1. Independence;
2. Integrity;
3. Openness;
4. Professionalism;
5. Concern and
6. Equity and unity in diversity.

### **c) Loan Management Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1.	Hon.Charles Murungaru Thiongo, Speaker	Chairman, Loans Management Committee
2.	Hon.Eric Warugu Ndung’u, MCA	Vice-Chairman, Loans Management Committee
3.	Hon. Joachim Njama, MCA	Member, Loans Management Committee
4.	Rev.Fr. Evangelos Mwaura Thiani	Member, Loans Management Committee
5.	Ms. Josephine Wanjiru Gicho	Member, Loans Management Committee
6.	Mr. John Mwivithi Mutie	Secretary, Loans Management Committee



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**d) Key Management Steam**

Ref	Name	Position
1.	Mr John Mwivithi Mutie	Fund Administrator
2.	Ms.Sarah Felicity Nkatha Kiruki	Director of Finance and Accounts
3.	Mr. Gabriel Muriithi	Principal Accountant
4.	Mr. John Ichamugo Mugo	Account Officer II

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1.	Director of Internal Audit	Mr.Flavian Gatimu Kung'u
2.	County Assembly Public Account and Investments Committee	Hon.Odhiambo,Kennedy Obudho
3.	The Loan Management Committee	1. Hon.Charles Murungaru Thiongo 2. Hon.Eric Warugu Ndung'u 3. Hon. Joachim Njama 4. Rev.Fr. Evangelos Mwaura Thiani 5. Ms. Josephine Wanjiru Gicho 6 Mr. John Mwivithi Mutie

**f) Registered Offices**

Kiambu Assembly Buildings  
P.O. Box 1492-00900  
**KIAMBU, KENYA**

**g) Fund Contacts**

Telephone: (254) 0675860000  
E-mail: info@kiambuassembly.go.ke  
Website: www.kiambuassembly.go.ke

**h) Fund Bankers**

Family Bank  
P.O. Box 74145-00200



**THIKA, KENYA**

**i) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084-00100  
**NAIROBI, KENYA**

**j) Principal Legal Adviser**



The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112-00200  
**NAIROBI, KENYA**

**k) County Attorney**

County Attorney  
Nova County Office  
P.O. Box 2344-00900  
**KIAMBU, KENYA**




**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. The Loan Management Committee**

Name	Details of qualifications and experience
<p>1. Hon. Charles Murungaru Thiongo</p> 	<p><b>Chairman, Loans Management Committee.</b> Hon. Charles Murungaru Thiongo is the Speaker of the County Assembly of Kiambu and the chairman of the County Assembly Service Board of Kiambu. He holds a Master of Laws (LL.M) Degree from the University of Nairobi and a Bachelor of Laws (LL. B) Degree from the same University. He also holds a Post-graduate Diploma in Law from the Kenya School of Law and is a practicing Advocate of the High Court of Kenya. He is a member of the Law Society of Kenya (LSK) and the East African Law Society (EALS). He has vast experience in the corporate world spanning over twelve (12) years in top management positions in various corporate organizations. In his legal practice, he has specialized in corporate/commercial law and governance, finance and tax law, energy and extractives and arbitration, conveyancing, and business restructuring. He has interest in strategic management and leadership, corporate governance, and regulatory compliance and has undertaken professional courses in this area.</p>
<p>2. Hon. Eric Warugu Ndung'u,</p> 	<p><b>Vice-Chairman, Loans Management Committee.</b> He was born in 1979. He is the Vice-Person of the County Assembly of Service Board and an elected member of Uthiru Ward. He has more than 6 years of experience in the Public Sector. He holds a Bachelor of Arts in Public Administration (BAPA) from Mount Kenya University and a diploma in Journalism and Public Relations from Kenya Polytechnic University. He is a member of the Media Society of Kenya (M/NO 011442) with more than 10 years in the media industries.</p>



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>3. Hon. Joachim Njama</p> 	<p><b>Member, Loans Management Committee.</b> He was born on September 9th, 1990. He is a member of the County Assembly of Service Board and an elected member of Ngoliba Ward. He has 6 years' experience in the Public Sector with a Diploma in banking finance from Mount Kenya University.</p>
<p>4. Fr. Evangelos Evanson Mwaura Thiani</p> 	<p><b>Member, Loans Management Committee.</b> Rev. Fr. Evangelos Evanson Mwaura Thiani was appointed a Member of the County Assembly of Kiambu Service Board on December 8, 2017. He was born on October 10, 1980. He holds a diploma in theology from Orthodox Seminary, Nairobi, a Bachelor of Theology from Sydney College of Divinity, a graduate Diploma in Education from Daystar University, a Master of Divinity from Hellen College Holy Cross, Boston, USA and a Master of Theology from Hellen College Holy Cross, Boston, USA.</p>
<p>5. Ms. Josephine Wanjiru Gicho</p> 	<p><b>Member, Loans Management Committee.</b> Ms. Josephine Wanjiru Gicho was appointed a Member of the County Assembly Service Board of Kiambu on May 29, 2018. She was born on May 23, 1950. She holds a bachelor of arts in counselling and psychology from Presbyterian University of East Africa. Before her appointments, she served as a high school principal.</p>
<p>6. Mr. John Mwivithi Mutie</p>	<p><b>Secretary, Loans Management Committee.</b> DoB: 29th September, 1970 He is the Clerk of the County Assembly of Kiambu.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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He holds an LLB from the (UoN). He is a CPS(K) - Member of ICPS(K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.

Mr John Mutie has a public service experience of over 27 years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.



Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.




**4. Management Team**

Name	Details of qualifications and experience
<p><b>1. Mr. John Mwivithi Mutie</b></p> 	<p><b>Fund Administrator.</b></p> <p>DoB: 29th September, 1970</p> <p>He is the Clerk of the County Assembly of Kiambu.</p> <p>He holds an LLB from the (UoN). He is a CPS(K) - Member of ICPS(K) and IHRM. The Clerk has attended various trainings on Public Sector Reforms and Performance Management; Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK); Professional upgrading courses such as the Senior Management Course and Strategic Leadership Development Programme at Kenya School of Government; and a Certified Professional Mediator.</p> <p>Mr John Mutie has a public service experience of over 27 years, most of it in senior managerial positions. He had worked with the defunct Local Authorities as the Town Clerk/ Clerk to the Council since 2013 when the County Government was established. Mr. John Mutie was the Interim Sub-County Administrator until February 2014, when he was appointed Clerk of the County Assembly of Kiambu. He served as such until August 2018, when he was seconded to the Kiambu County Executive.</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>Between August 2018 – October 2021, he intermittently served as the Chief Officer in the Kiambu County Executive in various departments, including the Department of Land, Housing, Physical Planning Municipal Administration and Urban Development; Department of Water, Environment, Energy and Natural Resources; and Department of Administration and Public Service.</p>
<p><b>2. Ms.Sarah Nkatha Kiruki</b></p> 	<p><b>Fund Accountant</b></p> <p>She is the Director of Finance and Accounts at the County Assembly of Kiambu, with more than ten years of experience in the Accounting and Auditing field. She was born in 1980.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and holds a Bachelor's in Business Administration (Finance and Accounting) from Kenya Methodist University. She is also a Certified Public Accountant (ICPAK No.6244)</p>
<p><b>3. Mr.Gabriel Karimi Muriithi</b></p> 	<p><b>Principal Accountant</b></p> <p><b>DoB – 11th July 1972</b></p> <p>He is the Principal Accountant at the County Assembly of Kiambu and a Certified Public Accountant, a member of the Institute of Certified Public Accountants of Kenya (ICPAK 9345). He is also a certified secretary. He is currently pursuing a Bachelor of Commerce degree at KCA University. He has attended the Senior Management Course and Strategic Leadership</p>



	<p>Development Programme at Kenya School of Government (KSG).</p> <p>He is also a certified professional mediator. He has a public service experience of over 25 years, most of it in senior managerial positions. He worked with the defunct Local Authorities as Chief Internal Auditor and Treasurer to various Local Authorities until 2013, when the County Government was established. Before joining Public Service, he had worked in the corporate sector as an Accountant and Audit Assistant in an Auditing firm.</p>
<p><b>4. Mr. John Ichamugo Mugo</b></p> 	<p><b>Account Officer II</b></p> <p>He is an Accounts Officer II at the County Assembly of Kiambu, with over five years of accounting experience. He was born in 1989. He holds a Bachelor's degree in Finance and Banking from Moi University. He is a Certified Public Accountant (ICPAK No.24172)</p>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**5. Report of the Funds Chairman**

It is my pleasure to present, on behalf of the board, the County Assembly Car Loan and Mortgage Scheme Fund financial statements for the year ending 30 June 2023. The financial statements present the fund's financial performance over the past year.

The County Assembly of Kiambu established and enacted the County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014, guided by the Public Finance Management Act, Regulations 2014.

The objective and purpose of the fund is to provide loans to Members of the County Assembly to enable them to purchase, develop, renovate, or repair a residential property and purchase motor vehicles.

Proper and adequate financial systems and measures have been put in place to ensure efficient control that warrants recoveries are done promptly through the check-off system to safeguard the utilization of public resources.

It is remarkable how much we have accomplished in terms of financial performance and our steadfast dedication to aiding our Members of the County Assembly.

Special thanks to the County Assembly Service Board and the support of members for their continued support.

**FINANCIAL PERFORMANCE**

**Revenues from non-Exchange Transactions**

There was an increase of interest income on the car loan and mortgage loans in the FY 2022/23 to kshs **4,415,126** from kshs **1,187,706** in the FY 2021/22.

The approved budget for the member's car loan and mortgage fund for the FY 2022/23 was kshs **237,000,000**. However, as at 30 June 2023, the Assembly received kshs **49,000,000** from the County Treasury.

The total FY 2022/23 expenses were kshs **12,584,696** as bank charges, Committee sittings allowances and Fringe Tax and Kenya Revenue Authority of kshs **104,240**, kshs. **233,600**,



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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kshs.2,850,345 and kshs.9,396,511 respectively. This was an increase compared to FY 2021/22, which was kshs 59,640.

**Cashflows**

The Cash and Cash equivalents decreased from kshs 251,298,811 in July 2022 to ksh 261,297 in June 2023 due to increased members' car loan and mortgage disbursements in the year under review.

Summarily, the net changes in


1. Cash flow from operating activities was kshs 3,915,767, comprising of receipts totaling kshs 13,650,118 less payments totaling kshs (9,734,351)
2. Cash flow from investing activities was kshs (306,650,064) comprising of proceed from loan principal repayments of kshs 28,549,936 less loan disbursements paid out of kshs (335,200,000)
3. Cash flow from financing activities was kshs 51,696,784 in the FY 2022/23, comprising of Car grant-tax payments by the Assembly (2nd Assembly) of kshs (549,050), Funds receipts from County Treasury of kshs 49,000,000 and other receipts of kshs 3,245,834.

Proper and adequate financial systems and measures have been put in place to ensure efficient control that warrants prompt recoveries through the check-off system to safeguard the utilization of public resources.

It is remarkable what the committee has accomplished regarding financial performance and our steadfast dedication to ensuring that all members benefit from the fund through continuous sensitization on mortgages.

Special thanks to the County Assembly Service Board, the Loans Management Committee, and the members for their continued support.

We look forward to a more favorable financial year 2023/24.

Name..... CHARLES THORPE ..... Signature.....  ..... Date... 22/12/23 .....

Chairman of the Fund

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**6. Report of The Fund Administrator**

The Car Loan and Mortgage Scheme Fund was established under Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of February 2014.

For good management of the fund as advised by the Salaries and Remuneration Commission, the County Assembly of Kiambu adopted Public Finance Management regulations, County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund, dated 14th and 22nd May 2014 to guide the operationalization of the fund.

The Loan Management Committee initiated a transformation that brought positive results to the Members of the County Assembly of Kiambu by issuing car and mortgage facilities to the Honorable Members.

In the year under review, the Assembly managed to disburse a car loan and mortgage of kshs **335,200,000** to the members of the Assembly while complying with the prerequisite procedures and laid down laws and regulations.

This has been another successful year; we continue to grow and have our members at the heart of everything.

The "County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014. It complies with the provisions of the PFM Act and is funded from the County's budget Estimates.

For the sound management of the fund as advised by the Salaries and Remuneration Commission, the County Assembly of Kiambu adopted the Public Finance Management Act "County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014" regulations, to guide the operationalization of the fund.



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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The fund objective is to provide a mortgage to members to purchase, develop, renovate, and or repair a residential property subject to the provision of the Public Finance Management Act, 2018.

The interest payable on a loan granted is three percent per annum on a monthly reducing balance. The borrower pays the interest charged. The borrower fully repays a loan granted under these Regulations within five years or before the borrower's exit period, which is three months prior, whichever comes earlier.

The financial performance of the fund is outlined below;

**FINANCIAL PERFORMANCE**

**Revenues from non-Exchange Transactions**

The approved budget for the member's car loan and mortgage fund for the FY 2022/23 was kshs **237,000,000**. However, as at 30 June 2023, the Assembly received kshs 49,000,000 as Fund Exchequer releases from the County Treasury.

**Mortgage Loans**

During the year under review, the Loan Management Committee advanced a mortgage loan of kshs **335,200,000** compared to the FY 2021/22, where mortgage beneficiaries totaled only kshs 450,000. There was an increase in mortgage beneficiaries in the year under review due to the availability of funds.

However, the Loan management committee complied with the prerequisite procedures laid down by laws and regulations.

**Cashflows**

The cash and cash equivalents decreased from kshs **261,297** as of 1 July 2022 from ksh **251,298,811** at 30 June 2023 due to increased members' disbursement in the year under review.

The Loan Management Committee initiated a transformation that is bringing positive results to the County Assembly of Kiambu members by extending the mortgage facilities.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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The fund has continued to grow over the years, and the management has put measures in place to safeguard the loss of public resources by ensuring members' Properties are jointly secured by the applicant and County Assembly of Kiambu and ensuring we comply with statutory requirements and day-to-day running of the fund and timely remittances of the recoveries.

It has been another successful year. We continue to grow and have our members at heart in everything we do.

Signed: \_\_\_\_\_



**Mr John Mwivithi Mutie**

**Fund Administrator**



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

**Introduction**

Section 161 (1) 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, following 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 mandate of the County Assembly of Kiambu is legislation, oversight, and representation. The County Assembly of Kiambu established and enacted the “County Assembly Car Loan Scheme Fund” and “County Assembly Mortgage Scheme Fund “regulations dated 14th and 22nd May 2014, guided and authorized by the Public Finance Management Act, Regulations 2014.

The key objective of the Kiambu County Assembly Car Loan and Mortgage Scheme Fund is to provide a mortgage to the members of the County Assembly to purchase, develop, renovate, and repair residential property.

In the year under review, the County Assembly of Kiambu has gained an enormous milestone by successfully granting Car loans and Mortgages to 29 and 59 members, respectively, which translates to 33% and 68% of the total membership of 87 who have successfully applied and adhered to the loan regulations.

The table below shows the performance of the fund.

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
The “County Assembly Car Loan and Mortgage Scheme Fund”	To provide car and mortgage loan to 87 members of the County Assembly.	All MCA’s in Kiambu County sensitized and facilitated with the facility with a gradual increase in members who benefit from the loan scheme fund.	Number of disbursements.	<ol style="list-style-type: none"> <li>1. Car grants Disbursement to 29 members</li> <li>2. Mortgage disbursement to 59 members</li> </ol>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**8. Corporate Governance Statement**

The County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014, guided by the Public Finance Management Act, Regulations 2014. There is an established member Mortgage Loan Management Committee. A statement of the County Assembly of Kiambu's full corporate governance practices is set out below;

**ROLE AND RESPONSIBILITIES OF THE LOAN MANAGEMENT COMMITTEE**

The loan management operates per the broad principles set out in section 116 of the Public Finance Management Act and is responsible for:

- (a) Receiving and analysing reports from the officer administering the Fund;
- (b) Endorsing loan application forms;
- (c) Advising on any additional funds that may be required for the Fund;
- (d) Liaising with the mortgage company (if any) to set up a revolving fund for the disbursement of the loans; and
- (e) Performing any other function necessary to administer the loan.

**APPOINTMENT OF LOAN MANAGEMENT COMMITTEE MEMBER**

The Car Loan Management Committee comprises the County Assembly Service Board established under Regulation 9. The members of this Board are;

S/no	Name	Position
1.	Hon.Charles Murungaru Thiongo, Speaker	Chairman, Loans Management Committee
2.	Hon.Eric Warugu Ndung'u, MCA	Vice -Chairman, Loans Management Committee
3.	Hon. Joachim Njama, MCA	Member, Loans Management Committee
4.	Rev.Fr. Evangelos Mwaura Thiani	Member, Loans Management Committee
5.	Ms. Josephine Wanjiru Gicho	Member, Loans Management Committee
6.	Mr. John Mwivithi Mutie	Secretary, Loans Management Committee

The administrator of the Fund may designate and appoint members as necessary to assist him in administrating the Fund.

**DELEGATION TO FUND ACCOUNTANT**

The Fund Administrator delegates responsibility for the day-to-day management and administration of the Fund to the Fund Accountant. The Fund administrator and the Fund



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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accountant are responsible for ensuring the Board is provided with appropriate, accurate, and transparent information on a timely basis.

**PERFORMANCE EVALUATION**

The performance of the member's mortgage is reviewed monthly, quarterly, and annually.

**FUND ADMINISTRATOR.**

The Fund administrator is the accounting officer and secretary to the Board and is responsible for

- (a) Supervising and controlling the administration of the Fund;
- (b) Keeping all legal documents relating to the Fund;
- (c) Causing to be kept books of account and other books and records to the Fund;
- (d) Preparing, signing, and transmitting to the auditor general in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as may be required under the Public Finance Management Act;
- (e) Furnishing such additional information as may be required for examination and audit by the auditor general;
- (f) Designating and appointing such members as may be necessary to assist them in the administration of the Fund;
- (g) Carrying out such inspections as may be necessary to verify any information submitted by the loan applicant;
- (h) Preparing and submitting quarterly reports on the Fund to the Committee.

**LOAN MANAGEMENT COMMITTEE**

The Committee held twelve meetings during the financial year 2022/23 to endorse loan application forms and receive and analyze reports from the officer administering the Fund.

**STATEMENT OF COMPLIANCE**

The Board confirms that the Fund has, throughout the FY 2022/23, complied with all statutory and regulatory requirements and that the principles of good corporate governance have managed the Fund.

**INTERNAL CONTROL FRAMEWORK**

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment.

**MANAGEMENT TEAM**

The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently.

**AUDITOR**

The Auditor-General audits the Fund.



## **9. Management Discussion and Analysis**

### **FINANCIAL PERFORMANCE**

#### **Comparative analysis of revenue**

The comparative analysis of revenue received in the last six (6) years is as indicated in the graph below.

- FY 2017/18 revenue was **Kshs. 2,609,383.**
- FY 2018/19 revenue was **Kshs. 8,334,605.**
- FY 2019/20 revenue was **Ksh. 7,177,855.**
- FY 2020/21 revenue was **Ksh. 4,328,396.**
- FY 2021/22 revenue was **Ksh. 1,187,706.**
- FY 2022/23 revenue was **Ksh. 4,415,126.**

The trend in revenue over the past six years indicates that there has been a significant decline, with revenue decreasing sharply in FY 2020/21 and then dropping even further in FY 2021/22 cause of fewer loans issued to members of the County Assembly.

FY 2017/18: The revenue for this year was Ksh **2,609,383**, representing the interest income from the outstanding loan balances for that year.

FY 2018/2019: The revenue increased to Ksh **8,334,605**, a significant rise of 219.5% from the previous financial year due to higher initial loan balances at the beginning of the year, which resulted in greater interest earnings.

FY 2019/2020: The revenue decreased slightly to Ksh **7,177,855**, representing a decline of around 13.9% from the previous year. Given the reducing balance method, this drop is due to the declining principal loan amounts as repayments.

FY 2020/2021: The revenue further reduced to Ksh **4,328,396**, a decrease of approximately 39.7% from the previous financial year. This continued decrease aligns with the reducing balance method as the outstanding loan balances continued to decrease with repayments.

FY 2021/22: The revenue dropped significantly to its lowest at Ksh **1,187,706**, a decline of about 72.6% from the previous year. This sharp decrease would align with the reducing principal amounts as loans were nearing full repayment, thus generating less interest.

FY 2022/23: The revenue increased significantly to kshs **4,415,126**

In summary, the trend in revenue over these six years reflects the reducing balance method of interest calculation, with interest generated decreasing as the outstanding loan balances are reduced through repayments. This trend is consistent with the assembly's policy of ensuring that loans are fully repaid within their term.

## **Kiambu County Assembly Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2023**

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### **Comparative analysis of operating expenses**

A comparative analysis of operating expenses in the last six (6) years is indicated in the graph below.

- ◆ FY 2017/18 operating expenses was **Ksh 370,271**.
- ◆ FY 2018/19 operating expenses was **Ksh 78,465**.
- ◆ FY 2019/20 operating expenses was **Ksh 18,676**.
- ◆ FY 2020/21 operating expenses was **Ksh 186,036,988**.
- ◆ FY 2021/22 operating expenses was **Ksh. 4,059,640**.
- ◆ FY 2021/22 operating expenses was **Ksh. 12,584,696**

In FY 2017/2018: The operating expenses for this year amounted to Ksh **370,271**.

In FY 2018/19, The operating expenses decreased substantially to Ksh **78,465**, representing a significant reduction of approximately 78.8% compared to the previous fiscal year.

In FY 2019/20, the operating expenses were Ksh **18,676**, which is relatively low compared to the previous years.

In FY 2020/21, the operating expenses increased significantly to Ksh **186,036,988**, a tenfold increase from the previous year due to the implementation of the directive to issue car grant disbursements to members of the County Assembly.

In FY 2021/22, the operating expenses dropped drastically to Ksh **4,059,640**, a decrease from the previous year. This was occasioned by the fund disbursing the final tranche of the car grant to members, thus altogether dispensing with its obligation to fund the members as guided by the SRC directives.

In FY 2022/23, the operating expenses dropped drastically to Ksh **12,584,696**

### **Comparative Analysis on Loan Disbursement**

The graph below indicates a comparative analysis of Loan disbursement in the last six (6) years. There was a significant reduction in the amounts of loans disbursed as the term of the current assembly was coming to a close in line with the fund's risk mitigation strategy to ensure that recovery of loans disbursed remains feasible given the loanee's ability to repay and time remaining for the recovery or repayment of the same.

- ◆ FY 2017/18 Loan disbursement was Ksh **246,325,000**.
- ◆ FY 2018/19 Loan disbursement was Ksh **132,725,992**
- ◆ FY 2019/20 Loan disbursement was Ksh **14,800,000**.
- ◆ FY 2020/21 Loan disbursement was Ksh **3,200,000**.
- ◆ FY 2021/22 Loan disbursement was Ksh. **450,000**.
- ◆ FY 2022/23 Loan disbursement was Ksh. **335,200,00**



**Here's a more detailed comparative analysis:**

FY 2017/18: This year marked the beginning of the Assembly members' term, with a high loan disbursement of Ksh **246,325,000**. This was a period of strong financial support to MCAs, as the Assembly members started their term with a focus on promoting economic activity.

FY 2018/19: The loan disbursement decreased to Ksh **132,725,992**, a reduction of approximately 46.1%. This drop was due to the Assembly's policy to ensure that loans are repaid within their term. As their period progressed, they started to reduce loan disbursements to allow for repayment within the stipulated time.

FY 2019/20: The loan disbursement fell drastically to Ksh **14,800,000**, a reduction of about 88.9% compared to the previous year. This sharp decline was caused by the Assembly's strategic decision to further limit loan disbursements as their term advanced, ensuring that all loans could be repaid within their tenure.

FY 2020/21: The downward trend continued, with loan disbursement decreasing to Ksh **3,200,000**, a reduction of about 78.4% compared to the previous year. This continued decrease ensured the Assembly was well-rested with recoveries as their term was nearing its end.

FY 2021/22: In the final year of their term, the loan disbursement reached its lowest at Ksh **450,000**, a reduction of about 85.9% from the previous year. This significant decrease was due to the Assembly's policy to ensure that all loans were repaid before the end of their term, hence reducing the disbursement to the bare minimum.

FY 2022/23: In the year under review, the loan disbursement was kshs **335,200,000**.

**OPERATIONAL PERFORMANCE**

The fund's core operating activity has been disbursing car grants and mortgages to Kiambu County MCA's

The management has put measures in place to safeguard against the loss of Public Funds by ensuring the loans are jointly secured by the applicant and the County Assembly of Kiambu and



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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providing timely remittances on monthly deductions. The fund takes excellent pleasure in the fact that since its inception, it has not defaulted on loans disbursed to members. This assures the fund's sustainability and confidence in our ability to continue meeting the needs of our clients.

**CONCLUSION**

We believe that the fund has positively impacted the livelihoods of the MCA, ensuring they have suitable means of transportation and adequate funding for the construction of reasonable living facilities that provide sufficient comfort and security for the members as they work to execute their service delivery mandates to their constituents in service to the County in particular and the Republic in general.

## **10. Environmental and Sustainability Reporting**

The County Assembly of Kiambu establishment is anchored on the Constitution of Kenya, 2010, and is mandated to offer representation of citizens, law-making, and oversight. The Assembly's strategic elements included the following:

### **The Vision**

It's a vibrant, value-oriented, quality-driven, and people-responsive county assembly in Kenya.

### **Mission**

To be a transformative, efficient, and trusted Assembly for Kiambu residents in close consultation with relevant county, national, and international stakeholders.

### **Core values**

We are committed to growing a dynamic institutional culture that these values will guide;

1. **Responsiveness:** We work to find solutions through policy and legislative initiatives that address the needs and preferences of the people of Kiambu County.
2. **Respect:** We listen and respect the wishes of our people and encourage partnerships where mutual respect remains a core working value.
3. **Diversity:** We embrace the diversity of all Kenyans and work to address variety across gender, ethnicity, class, race, disability, and minority lines.
4. **Integrity and Accountability:** We believe that the highest standards of ethics and integrity form a core element of public service and leadership, and we strive to ensure utmost accountability in all our initiatives.

### **Our beliefs**

We believe that;

1. The Constitution of Kenya, 2010, is the supreme law of the land.
2. All Kenyans have equal rights.
3. Every Kenyan is a valuable member of the community.
4. Every Kenyan deserves to be fully served and consulted by their directly elected or party representative in the County Assembly.
5. Women and men deserve equal opportunities to participate in leadership and access to economic, social, and cultural rights.

## **Kiambu County Assembly Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2023**

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County Assembly Members Mortgage Loan Scheme fund exists to transform lives. This is our purpose, the driving force behind everything we do. It guides us to deliver our strategy, founded on solid pillars: putting the customer/Citizen first, providing relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile**

The Assembly is committed to attaining the Sustainable Development Goals (SDGs) as agreed upon by the international community.

### **2. Environmental performance**

The County Assembly, through the formation of an Environmental Committee, is establishing environmental and waste management policies. However, the administration has implemented strategies and modalities to ensure minimal impact of the organization's products on the environment.

### **3. Employee welfare**

The Assembly hiring process is guided by the County Assembly Human Resource Manual, amongst other government provisions, to ensure fair competition and gender representation. A performance management and appraisal tool is currently in the process of implementation.

The Assembly is also committed to improving skills through a training committee tasked with ensuring officers' capacity building in different areas to enhance skills and performance.

### **4. Marketplace practices-**

Responsible Competition Practice:

The Assembly carries out fair competition in all its engagements through adherence to legal provisions, constant meetings with the Anticorruption authorities, review of certifications in efforts to attain high-quality products and services, competitive and controlled costs, innovative and easy market entry as well as exit

### **5. Community Engagements-**

The County Assembly, in collaboration with the County Executive, has severally engaged the public through public participation and Corporate Social Activities, including issuing various charitable products to the public, such as food products, agricultural products, and educational materials.



## **11. Report of The Fund Administration Committee**

The Fund Administration Committee submits its report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund's affairs.

### **Principal activities**

The Fund's objective is to provide a mortgage to the members of the County Assembly to purchase, develop, renovate, and repair residential property.

### **Results**

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

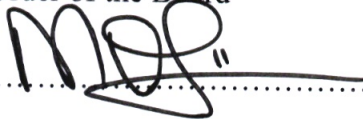
### **Loan management committee**

The members of the Loan Management committee who served during the year are shown on page vii and viii.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the County Assembly members Loan Scheme fund for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



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**Chair of the Committee**

**Date:** 22/12/23

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**12. 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 (Act County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014) 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.

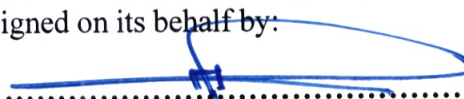
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014). 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. OR

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 22<sup>nd</sup> Dec 2023 and signed on its behalf by:

  
.....

**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 KIAMBU COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kiambu County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 33, which comprise the statement

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*Report of the Auditor-General on Kiambu County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023*



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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Assembly Car Loan and Mortgage Scheme 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 Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracies in the Financial Statements**

The statement of financial performance reflects use of goods and services of Kshs.3,188,185 whereas the statement of cash flows reflects Kshs.337,840 resulting to unreconciled variance of Kshs.2,850,345. The statement of financial position reflects prepayments comparative balance of Nil which differed with the prior year audited balance of Kshs.10,000,000 resulting to unreconciled variance of Kshs.10,000,000. Similarly, the statement reflects other receivables from non-exchange transactions comparative balance of Kshs.10,000,000 which was not reflected in the prior year financial statements. The statement also reflects trade and other payables payable from exchange transactions comparative nil balance while Note 8 to the financial statements reflects a prior year balance of Kshs.674,864 resulting to unreconciled variance of Kshs.674,864. The statement of changes in net assets reflects prior year adjustments of Kshs.1,809,357 which is not reflected in the statement of financial performance resulting to unreconciled variance of Kshs.1,809,357. The statement of changes in net assets reflects transfers of Kshs.19,236,957 whereas the statement of cash flows reflects other receipts of Kshs.10,002,000 resulting to unreconciled variance of Kshs.9,234,957. In addition, the statement of cash flows reflects grants expense comparative nil balance while Note 3 to the financial statements reflects a comparative amount of Kshs.4,000,000 resulting to unreconciled variance of Kshs.4,000,000.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2023.

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



## **Key Audit Matters**

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

## **Other Matter**

### **Prior Year Audit Issues**

The prior audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Car Loans Issued to Members**

##### **1.1 Irregular Issuance of Car Loan**

During the year under review, the Fund issued Kshs.3,000,000 to a Member of County Assembly who purchased a Public Service Vehicle (PSV) Minibus which was contrary to Regulation 11 of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that a loan obtained under these Regulations shall be used for the purchase of a motor vehicle for personal or official use by the applicant.

Further, it was observed that two (2) Members of the County Assembly had two log books surrendered to the Assembly as security of loans of Kshs.5,000,000 and Kshs.4,000,000 issued respectively. It was not clear why the Members had given log books as the loans were to be given for purchase of vehicles and no other security was needed apart for the log book of the vehicle purchased. This was contrary to Regulation 12(2) of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that the log book of a vehicle subject to a loan from the Fund shall be kept in the custody of the officer administering the Fund until the Loan is repaid in full.

## **1.2 Lack of Valid Insurance Policies for Car Loan**

During the year under review, it was noted that two (2) Members of the County Assembly did not have valid insurance policies for principal loan disbursed of Kshs.4,400,000. This was contrary to Regulation 16 of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that a member of the Scheme shall take a comprehensive insurance cover for the vehicle purchased through a loan from the Fund with a reputable insurance company.

## **1.3 Unsecured Loans**

Review of loan documents for Members issued with car loans totalling to Kshs.68,380,000 revealed that the log books were not under the custody of the County Assembly as required by the regulations hence joint ownership of the motor vehicles could not be confirmed. This was contrary to Regulation 12(2) of the Kiambu County Assembly Car Loan Scheme Fund Regulations, 2014 which states that the log book of a vehicle subject to a loan from the Fund shall be kept in the custody of the officer administering the Fund until the Loan is repaid in full.

In the circumstances, the Fund Management was in breach of the Regulations.

## **2. Irregularities in Mortgage Loans**

### **2.1 Lack of Valid Insurance Policies for Mortgage Loans**

During the year under review it was observed that five (5) Members of the County Assembly did not have valid insurance policies for principal loan disbursed amounting to Kshs.16,500,000. This was contrary to Regulation 20(1) of the Kiambu County Assembly Mortgage Scheme Fund Regulations, 2014 which states that a person granted a loan shall take and maintain a mortgage protection policy and a fire policy for the property with a reputable insurance firm.

### **2.2 Irregular Issuance of Mortgage Loans**

Review of sampled mortgage documents provided for audit revealed the following anomalies relating to mortgages issued;

- i. A Member of the County Assembly was awarded a mortgage loan amount of Kshs.2,000,000. However, the file had two sale agreements, of Kshs.1,400,000 and Kshs.2,000,000 for the same property. Similarly, it was not clear on what basis the loans were awarded.
- ii. A Member of County Assembly was awarded a loan of Kshs.5,000,000 and had a charge of Kshs.5,000,000 against the loan but there was no valuation report of the charged asset.
- iii. A Member of the County Assembly was awarded an amount of Kshs.3,000,000 from the mortgage scheme, however the property was not a residential property



which was contrary to Regulation 4 of the Kiambu County Assembly Mortgage Scheme Fund Regulations, 2014 which states that the object and purpose of the Fund is to provide loans to Members of the County Assembly to purchase, develop, renovate or repair a residential property.

In the circumstances, the Fund Management was in breach of the Regulations.

### **3. Lack of an Approved Budget for the Operations of the Members Car and Mortgage Scheme Fund**

Review of Kiambu County Assembly Car and Mortgage Fund operations revealed that the Fund did not maintain an approved budget for the financial year under review. This was contrary to Regulation 30(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the budget preparation process for the following financial year shall start not later than the 30 August of the current financial year with the issuance of the annual budget circular by the County Executive Committee Member and in compliance with formats and recommendations contained in the annual budget preparation circular or guidelines, instructions and the financial manual.

In the circumstances, the Fund Management was in breach of the Regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 February, 2024

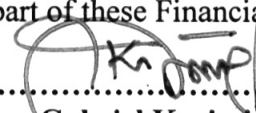
**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue From Exchange Transactions</b>			
Interest Income	1	4,415,126	1,167,784
		<b>4,415,126</b>	<b>1,167,784</b>
<b>Total Revenue</b>		<b>4,415,126</b>	<b>1,167,784</b>
<b>Expenses</b>			
Use of goods and services	2	3,188,185	59,640
KRA	11	9,396,511	0
<b>Total Expenses</b>		<b>12,584,696</b>	<b>59,640</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(8,169,570)</b>	<b>1,108,144</b>

(The notes set out on pages 18 to 32 form an integral part of these Financial Statements)

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**Name: Mr. John Mwivithi Mutie**  
**Administrator of the Fund**

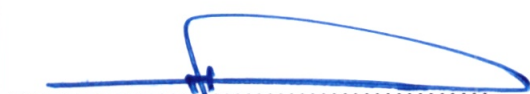
.....  
  
**Name: Gabriel Karimi Muriithi**  
**Principal Accountant**  
**ICPAK Member Number: 9345**

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement of Financial Position As at 30 June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	261,297	251,298,811
Long-Term Receivables from non-exchange transactions	7(b)	0	1,193,199
Prepayments		0	0
Other Receivables from non-exchange transactions	6	767,008	10,000,000
<b>Total current assets</b>		<b>1,028,305</b>	<b>262,492,010</b>
<b>Non-Current Assets</b>			
Current portion of long-term receivables	7	306,708,789	0
<b>Total non-current assets</b>		<b>306,708,789</b>	<b>0</b>
<b>Total Assets</b>		<b>307,737,096</b>	<b>262,492,010</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	8	6,223,993	0
<b>Total current liabilities</b>		<b>6,223,993</b>	<b>0</b>
<b>Total Liabilities</b>		<b>6,223,993</b>	<b>0</b>
<b>Net Assets</b>		<b>301,513,103</b>	<b>262,492,010</b>
Revolving Fund		309,682,653	243,255,053
Accumulated Surplus		(8,169,550)	19,236,957
<b>Total Net Assets and Liabilities</b>		<b>301,513,103</b>	<b>262,492,010</b>

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 22<sup>nd</sup> Dec 2023 and signed by:



Name: Mr. John Mwivithi Mutie  
Administrator of the Fund



Name: Gabriel Karimi Muriithi  
Fund Accountant  
ICPAK Member Number: 9345



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**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

Description	Revolving Fund	Accumulated surplus	Total
	Kshs	Kshs	Kshs
<b>Balance As At 1 July (2021)</b>	247,255,053	4,053,424	251,308,477
Surplus/(Deficit) For the Period	0	1,108,14	1,108,144
Funds Paid During the Year	(4,000,000)	0	(4,000,000)
Adjustments	0	14,075,409	14,075,409
Revaluation Gain	0	0	0
<b>Balance As At 30 June (2022)</b>	<b>243,255,053</b>	<b>19,236,977</b>	<b>262,492,030</b>
<b>Balance As At 1 July (2022)</b>	<b>243,255,053</b>	<b>19,236,977</b>	<b>262,492,030</b>
Surplus/(Deficit) For the Period	0	(8,169,570)	(8,169,570)
Funds Received During the Year	49,000,000	0	49,000,000
Prior Year Adjustment	(1,809,357)	0	(1,809,357)
Transfers	19,236,957	(19,236,957)	0
<b>Balance As At 30 June (2023)</b>	<b>309,682,653</b>	<b>(8,169,550)</b>	<b>301,513,103</b>

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**17. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received		3,648,118	1,752,362
Other Receipts	6(a)	10,002,000	0
<b>Total receipts</b>		<b>13,650,118</b>	<b>1,752,362</b>
<b>Payments</b>			
Use of goods		(337,840)	(59,640)
Grants Expenses		0	0
Other payments- KRA Fringe Tax	11	(9,396,511)	0
<b>Total payments</b>		<b>(9,734,351)</b>	<b>(59,640)</b>
<b>Net cash flows from operating activities</b>		<b>3,915,767</b>	<b>1,692,722</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments-Principle received	7	28,549,936	101,006,576
Loan disbursements paid out-Principle Disbursed	7	(335,200,000)	(450,000)
<b>Net cash flows used in investing activities</b>		<b>(306,650,064)</b>	<b>100,556,576</b>
<b>Cash flows from financing activities</b>			
Members' Transport Facilitation fee		0	(2,800,000)
Other Payments		0	(190,390)
Other Receipts -KRA deposit by the Assembly as car grant		3,224,970	52,323,630
Other Payments -KRA payments by the Assembly to KRA		(3,774,020)	(52,974,580)
Fund receipts from County Treasury	10	49,000,000	
Other receipts-Family bank deposited the funds to assembly account. The fund was meant for the County Government -Kiambu Executive		3,245,834	0
Repayments of Borrowings			30,078,962
<b>Net cash flows used in financing activities</b>		<b>51,696,784</b>	<b>26,437,624</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(251,037,514)</b>	<b>128,686,922</b>
Cash and cash equivalents at 1 July		251,298,811	122,611,889
<b>Cash and cash equivalents at 30 June</b>		<b>261,297</b>	<b>251,298,811</b>

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



**18. Statement Of Comparison of Budget and Actual Amounts for The Period June 30,2023**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	<b>a</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c*100</b>
<b>Revenue</b>						
Interest Income	4,415,126	0	4,415,126	4,415,126	0	100%
<b>Total Income</b>	<b>4,415,126</b>	<b>0</b>	<b>4,415,126</b>	<b>4,415,126</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods	3,188,185	0	3,188,185	3,188,185	0	100%
KRA	9,396,511	0	9,396,511	9,396,511	0	100%
<b>Total Expenditure</b>	<b>12,584,696</b>	<b>0</b>	<b>12,584,696</b>	<b>12,584,696</b>	<b>0</b>	<b>100%</b>
<b>Surplus For the Period</b>	<b>(8,169,570)</b>	<b>0</b>	<b>(8,169,570)</b>	<b>(8,169,570)</b>	<b>0</b>	<b>100%</b>

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**19. Notes to the Financial Statements**

**1. General Information**

County Assembly members Loan Scheme fund entity is established by and derives its authority and accountability from the County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity's principal activity is to disburse Mortgage Fund to Assembly members.

**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*

<b>Standard</b>	<b>Effective date and impact</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023</b> 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:



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Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li>   <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
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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><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> 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><b>Applicable 1<sup>st</sup> January 2025</b></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 cashflows of an Entity.</p>



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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <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 or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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**1. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**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 2023 was approved by the County Assembly on June 20<sup>th</sup> 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. Accordingly, the Fund recorded additional appropriations of nil on the FY 2023 budget following the governing body's approval.

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.



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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**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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**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 properties are measured using the cost model and are depreciated over an nil-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* 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.

**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. (amend as appropriate).* 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 cashflows 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.



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**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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note nil.

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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**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.



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*Summary of Significant Accounting Policies (Continued)*

**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. Entity to state the reserves maintained and appropriate policies adopted.

**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.

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*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.



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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*Summary of Significant Accounting Policies (Continued)*

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

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

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**2. Notes To the Financial Statements**

**1. Interest income**

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest Income from Mortgage Loans	3,097,627	457,993
Interest Income from Car Loans	1,317,499	709,791
<b>Total Interest Income</b>	<b>4,415,126</b>	<b>1,167,784</b>

**1.(a) Interest income analysis as used in cashflows**

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest income from mortgage and car loan charged for the year	4,415,126	1,167,784
Interest received in Cash	(3,648,118)	(1,777,218)
	<b>767,008</b>	<b>(609,434)</b>

**2. Use of Goods and Services**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Bank Charges	104,240	59,640
Committee Sitting Allowances	233,600	0
Others -Fringe Tax for members up to 30 June 2023	2,850,345	0
<b>Total</b>	<b>3,188,185</b>	<b>59,640</b>

**3. Grant Expenses**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Grants	0	4,000,000
<b>Total</b>	<b>0</b>	<b>4,000,000</b>

**3.(a) Grant Expenses analysis as used in cashflows**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Grants	0	4,000,000
Grants used to settle mortgage loan	0	0
<b>Total</b>	<b>0</b>	<b>4,000,000</b>



**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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**4. Cash and cash equivalents**

Description	2022/2023	2021/2022
	Kshs	Kshs
Recovery Account-005000049017	238,021	225,354,554
Disbursement account-005000047655	23,275	25,944,257
<b>Total Cash and Cash Equivalents</b>	<b>261,297</b>	<b>251,298,811</b>

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

Financial Institution	Account number	2022/2023	2022/2023
		Kshs	Kshs
<b>Current Account</b>			
Kiambu County Assembly Car and Loan mortgage loan recovery account, Family Bank, Thika Branch	5000049017	238,021	225,354,554
Kiambu County Assembly members Car Loan and Mortgage Scheme Fund	5000047655	23,275	25,944,257
<b>Sub- Total</b>		<b>261,297</b>	<b>251,298,811</b>
<b>Grand Total</b>		<b>261,297</b>	<b>251,298,811</b>

**5. Prepayments**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
Other prepayments	0	10,000,000
<b>Total</b>	<b>0</b>	<b>10,000,000</b>

**6. Other Receivables from non-exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
Other prepayments /receivables from non-exchange transactions	0	10,000,000
Other Receivables from non-exchange transactions	767,008	0
<b>Total</b>	<b>767,008</b>	<b>10,000,000</b>

**6. (a) Other Receivables from non-exchange transactions**

Description	2022/2023	2021/2022
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**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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	FY	FY
	Kshs	Kshs
Total receivables as at 1st July	0	40,078,962
Cash received /transferred in the current year ending 30th June	(10,000,000)	(30,078,962)
Deposits -Cash deposited to Assembly accounts	(2,000)	0
<b>Total (Bal c/fwd)</b>	<b>(10,002,000)</b>	<b>10,000,000</b>

**6. (b) Other Receivables from non-exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
Interest income from mortgage and car loan charged for the year	4,415,126	0
Interest received in Cash	(3,648,118)	0
<b>Total</b>	<b>767,008</b>	<b>0</b>

**6. (c) Other Receivables from non-exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
Other Receivables	0	10,000,000
<b>Total</b>		<b>10,000,000</b>

**7. Long term Receivables from exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
<b>Current receivables</b>		
Interest Receivables as at 1st July	58,725	0
Interest receivables	0	0
Current loan repayments due	335,200,000	0
Principle received in cash	(28,549,936)	0
<b>Total</b>	<b>306,708,789</b>	<b>0</b>

**7.(a) Principle Long term Receivables from exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs



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	Kshs	Kshs
<b>Non-Current receivable's</b>		
Principle balance as at 1st July	0	100,215,518
Principle disbursed	335,200,000	450,000
Principle received in cash	(28,549,937)	(100,791,332)
Principle repayments	58,725	0
<b>Total</b>	<b>306,708,788</b>	<b>(125,814)</b>

**7.(b) Receivables from exchange transactions**

Description	2021/2022	
	FY	
	Kshs	
<b>Current receivables</b>		
Interest Receivables		2,256
Current loan due		1,190,943
<b>Total Current Receivables</b>		<b>1,193,199</b>
<b>Non-Current receivables</b>		
Long Term Loan Repayment Due		0
<b>Total Non-Current Receivables</b>		<b>0</b>
<b>Total receivables from non-Exchange Transaction</b>		<b>1,193,199</b>

	Kshs	Kshs
	2022-2023	2021-2022
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	2,256	606,128
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	767,008	2,256
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	88,011,496	1,190,943
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	306,708,788	1,190,943

**7.(c)Interest Long term Receivables from exchange transactions**

Description	2022/2023	2021/2022
	FY	FY

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
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	Kshs	Kshs
<b>Non-Current receivables</b>		
Principle balance as at 1st July	0	100,215,518
Principle disbursed	335,200,000	450,000

**8. Trade and other Deposits payables from exchange transactions**

Description	2022/2023	2021/2022
	FY	FY
	Kshs	Kshs
Trade payables	0	549,050
Family bank deposited the funds to assembly account. The fund was meant for the County Government -Kiambu Executive	3,245,834	0
Deposits	2,000	0
Other payables	125,814	125,814
Other payables-Fringe Tax payable by Members (3rd Assembly)	2,850,345	0
<b>Totals</b>	<b>6,223,993</b>	<b>674,864</b>

**9. Cash generated from operations**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(8,169,570)</b>	<b>0</b>
<b>Adjusted For:</b>		
Interest Income	(767,008)	1,752,362
Finance Cost Bank Charges		(59,660)
Grants (Non cash item)	0	0
<b>Working Capital Adjustments</b>		
Increase In Receivables	10,002,000	0
Increase In Payables	2,850,345	0
<b>Net cashflow from operating activities</b>	<b>3,915,767</b>	<b>1,692,702</b>

**10. Fund receipts from County Treasury**

Description	2022/2023	2021/2022
	Kshs	Kshs
Fund receipts from County Treasury	49,000,000	0
<b>Totals</b>	<b>49,000,000</b>	<b>0</b>

**11. KRA**

Description	2022/2023	2021/2022
	Kshs	Kshs



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Fringe tax	9,396,511	0
<b>Totals</b>	<b>9,396,511</b>	<b>0</b>

**12. Restatements notes**

**\*Restated Statement of Financial Performance**

Description	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue From Exchange Transactions</b>					
Other Interest	0	0	0	400	0
Interest Income	2,609,383	8,334,605	7,177,855	4,327,996	1,187,706
<b>Total Revenue</b>	<b>2,609,383</b>	<b>8,334,605</b>	<b>7,177,855</b>	<b>4,328,396</b>	<b>1,187,706</b>
<b>Expenses</b>					
Use of goods and services	370,271	78,465	18,676	36,988	59,660
Grants Expenses	0	0	0	186,000,000	4,000,000
<b>Total Expenses</b>	<b>370,271</b>	<b>78,465</b>	<b>18,676</b>	<b>186,036,988</b>	<b>4,059,660</b>
<b>Surplus/(Deficit) for the Period</b>	<b>2,239,112</b>	<b>8,256,140</b>	<b>7,159,179</b>	<b>(181,708,592)</b>	<b>(2,871,954)</b>

**Restated Statement of Financial Position**

Description	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022 Restated	2021-2022 Audited	Adjustments
	Kshs	Kshs	Kshs				
<b>Assets</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	12,937,667	115,985,911	224,564,837	122,611,890	251,298,811	251,298,811	0
Other Receivables	0	30,000,000	11,853,231	40,078,962	10,000,000	10,000,000	0
long term receivables from exchange transactions	0	0	0	0	0	1,193,199	(1,193,199)

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund**  
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<b>Non-Current Assets</b>							
Interest Receivables	1,226,961	1,493,917	906,257	648,237	58,726	0	58,726
long term receivables from exchange transactions	232,772,153	290,624,193	207,938,874	100,215,518	0	0	0
<b>Total Assets</b>	<b>246,936,781</b>	<b>438,104,021</b>	<b>445,263,199</b>	<b>263,554,607</b>	<b>261,357,537</b>	<b>262,492,010</b>	<b>(1,134,473)</b>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Deposits	0	0	0	0	674,864	0	(674,864)
<b>Total current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>674,864</b>	<b>0</b>	<b>(674,864)</b>
<b>Net Assets</b>	<b>246,936,780</b>	<b>438,104,019</b>	<b>445,263,198</b>	<b>263,554,606</b>	<b>260,682,673</b>	<b>262,492,010</b>	<b>(1,809,337)</b>
Revolving Fund	244,697,668	427,608,768	427,608,768	427,608,768	260,682,673	0	0
Accumulated Surplus	2,239,112	10,495,251	17,654,430	(164,054,162)	0	0	0
<b>Total Net Assets and Liabilities</b>	<b>246,936,780</b>	<b>438,104,019</b>	<b>445,263,198</b>	<b>263,554,606</b>	<b>260,682,673</b>	<b>0</b>	<b>0</b>

**\*Restated Statement of Cash Flows**

Description	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Interest Income	1,382,422	8,067,648	7,765,514	4,586,016	1,777,218
Other Interest	0	0	0	400	0
Other Receipts (Receipts to inter entity)	0	0	18,146,769	0	30,078,952
<b>Total receipts</b>	<b>1,382,422</b>	<b>8,067,648</b>	<b>25,912,283</b>	<b>4,586,416</b>	<b>31,856,170</b>
<b>Payments</b>					
Other payments (Payments to inter entity)	0	30,000,000	0	28,225,731	0
Grants Expenses	0	0	0	184,000,000	4,000,000
use of goods	370,271	78,465	18,676	36,988	59,640



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<b>Total payments</b>	<b>370,271</b>	<b>30,078,465</b>	<b>18,676</b>	<b>212,262,719</b>	<b>4,059,640</b>
<b>Net cash flows from operating activities</b>	<b>1,012,151</b>	<b>(22,010,817)</b>	<b>25,893,607</b>	<b>(207,676,303)</b>	<b>27,796,530</b>
<b>Cash flows from investing activities</b>					
Proceeds from loan principal repayments- Principle received	13,552,874	74,873,952	97,485,319	108,923,356	100,791,332
Loan disbursements paid out-Principle Disbursed	(246,325,000)	(132,725,992)	(14,800,000)	(3,200,000)	(450,000)
<b>Net cash flows used in investing activities</b>	<b>(232,772,126)</b>	<b>(57,852,040)</b>	<b>82,685,319</b>	<b>105,723,356</b>	<b>100,341,332</b>
<b>Cash flows from financing activities</b>					
Receipts into the mortgage revolving funds	229,996,558	182,911,100	0	0	549,050
Payment to Inter entity					
<b>Net cash flows used in financing activities</b>	<b>229,996,558</b>	<b>182,911,100</b>	<b>0</b>	<b>0</b>	<b>549,050</b>
<b>Net increase/(decrease) in cash &amp; cash</b>	<b>(1,763,417)</b>	<b>103,048,243</b>	<b>108,578,926</b>	<b>(101,952,947)</b>	<b>128,686,912</b>
<b>Equivalents</b>					
Cash and cash equivalents at 1 July	14,701,110	12,937,667	115,985,910	224,564,836	122,611,889
<b>Cash and cash equivalents at 30 June</b>	<b>12,937,693</b>	<b>115,985,910</b>	<b>224,564,836</b>	<b>122,611,889</b>	<b>251,298,801</b>

**Notes To The Financial Statements (Continued)**

**1. 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; and
- d) The Loan Management Committee.

**b) Related party transactions**

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From Related Parties'	49,000,000	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	2022/2023	2021/2022
	Kshs	Kshs
Board Of Management	0	0
Key Management Compensation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

Description	2022/2023	2021/2022
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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**Other Disclosures Continued**

**e) Due to related parties**

Description	2022/2023	2021/2022
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**2. Contingent assets and contingent liabilities**

Contingent Liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Notes To The Financial Statements (Continued)**

**3. 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
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	307,475,798	307,475,798	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	261,297	261,297	0	0
<b>Total</b>	<b>307,737,094</b>	<b>307,737,094</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	1,193,199	1,193,199	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	251,298,811	251,298,811	0	0
<b>Total</b>	<b>252,492,010</b>	<b>252,492,010</b>	<b>0</b>	<b>0</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*



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**Notes To The Financial Statements (Continued)**

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

The entity has significant concentration of credit risk on amounts due from 0

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

**b) Liquidity risk management**

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (2023)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June (2022)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes To The Financial Statements (Continued)**

**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. Foreign currency risk**

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
<b>At 30 June (2023)</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*



**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(2023)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>(2022)</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2021 – Kshs 0).

**Notes To the Financial Statements (Continued)**

**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	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	309,682,673	243,255,053
Accumulated surplus	(8,169,570)	19,236,977
<b>Total funds</b>	<b>301,513,103</b>	<b>262,492,030</b>
Total borrowings	0	0
Less: cash and bank balances	(261,297)	(251,298,811)
Net debt/(excess cash and cash equivalents)	(261,297)	(251,298,811)
<b>Gearing</b>	<b>0</b>	<b>0</b>

**4. Events after the reporting period**

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

**5. Ultimate and Holding Entity**

The entity is a County Public Fund established Public Finance Management Act "County Assembly Car Loan Scheme Fund and County Assembly Mortgage Scheme Fund regulations dated 14th and 22nd May 2014 guided by the Public Finance Management Act, Regulations 2014. Its ultimate parent is the County Government of Kiambu.

**6. Currency**

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



**20. 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)

**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.
- (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 Manager/Accounting Officer (**Mr. John Mwivithi Mutie**)

Date 

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex II: Inter-Fund Confirmation Letter**



**County Assembly Loan Scheme Fund-Kiambu**

1492-00900

The County Assembly members loan scheme fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by County Assembly Loan Scheme Fund as at 30<sup>th</sup> June 2023</b>								
Reference Number	Date Disbursed	Amounts Disbursed by County Assembly Loan Scheme Fund (Kshs) as at 30 <sup>th</sup> June 2023				Total (D)=(A+B+C)	Amount Received by County Assembly Loan Scheme Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
TREASURY ORDER DD 28042023 COB/KMB/001/141(8) DD 27042023	2 <sup>nd</sup> May 2023	25,000,000	0	0	25,000,000	25,000,000	25,000,000	
TREASURY ORDER DD 31032023	6 <sup>th</sup> April 2023	24,000,000	0	0	24,000,000	24,000,000	24,000,000	

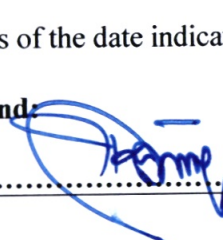


**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

COB/KMB/001/140(1) DD 30032023							
Total		<u>49,000,000</u>	<u>0</u>	<u>0</u>	<u>49,000,000</u>	<u>49,000,000</u>	<u>49,000,000</u>

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Gabriel K. Mwangi Sign  Date 22/12/2023

**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	0	0	0	0	N/A	N/A

**Kiambu County Assembly Car Loan and Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex IV: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	0	N/A