

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**MERU COUNTY EXECUTIVE STAFF
HOUSING FUND**

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

PAPERS LAID	
DATE	7/6/2024
TABLED BY	S.M.K.
COMMITTEE	
CLERK AT THE TABLE	Chung

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**MERU COUNTY EXECUTIVE STAFF HOUSING
FUND**

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

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

Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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**Meru County Executive Staff Housing Fund
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1. Key Entity Information and Management

a) Background information

The Meru County Executive Staff Housing Fund is established by and derives its authority and accountability from The Meru County Executive Staff Housing Fund Regulations 2015.

The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The fund's objective is to provide loans for the purchase, development, renovation or repair of residential houses to members of staff and raise funds for the implementation of the objectives stated.

The Fund's principal activity is to provide housing loans to members of staff.

b) Principal Activities

The principal activity of the Fund is to provide housing loans to members of staff.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dr. Kiambi J.T. Atheru. PhD	Administrator
2	Julius Mbaabu M'Inoti	Chairman
3	Samuel Murithi	Secretary
4	Charles Mwenda Kaibiria	Accounting Officer

d) Key Management

Ref	Name	Position
1	Dr. Kiambi J.T. Atheru. PhD	Administrator
2	Julius Mbaabu M'Inoti	Chairman
3	Samuel Murithi	Secretary
4	Charles Mwenda Kaibiria	Accounting Officer

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Crispus Muthusi Mutoni
2	Staff Car Mortgage and car Loan Advisory Committee	Committee
3	County Assembly Sectorial Committee on Public Accounts	Committee

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

f) Registered Offices

P.O. Box 120
County Headquarters Building
Meru – Nanyuki Road
Nairobi, KENYA

g) Fund Contacts

Telephone: (+254726980225)

h) Fund Bankers

1. Kenya Commercial Bank

i) Independent Auditors

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

j) Principal Legal Adviser





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

k) County Attorney





The County Attorney
P.O. Box 120
County Headquarters Building
Meru – Nanyuki Road
Nairobi, KENYA

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

2. Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Dr. Kiambi J.T. Atheru. PhD</p>  <p>Fund Administrator</p>	<p>DOB: 23/07/1967</p> <p>ACADEMIC QUALIFICATIONS: Doctor of Philosophy (PhD) degree in Religious Studies, Master's Degree in Governance & Ethics (MGE), Bachelor's Degree in Development Studies (BDS) and Diploma in Water Engineering from the Kenya Water Institute.</p> <p>WORK EXPERIENCE: County Secretary, Meru County Government of Meru, civil service career of 26 years with significant contributions to water engineering in the national government, working in various districts of Kenya, as District Water Officer, collaborated and worked with internationally renowned agencies such as Japan International Cooperation Agency (JICA) and Swedish International Development Agency (SIDA).</p>
<p>2. Julius Mbaabu M'Inoti</p>  <p>Fund Chairman</p>	<p>DOB: 24.08.1962</p> <p>ACADEMIC QUALIFICATIONS: Bachelor of Laws, University of Nairobi- 1984 to 1987, Diploma in in Legal Systems, Kenya School of Law-1988, Member of the Law Society of Kenya, Member of the International Commission of Jurist, Current chairman of the Board of Management, Meru Teachers College.</p> <p>WORK EXPERIENCE: Managing partner at Mbaabu M'Inoti & Co. Advocates from 1990 to date, Notary Public & Commissioner for Oaths, State Counsel-State Law Office Nairobi(1989-1990).</p>
<p>3. Samuel Murithi</p>  <p>Fund Secretary</p>	<p>DOB: 23.06.1967</p> <p>ACADEMIC QUALIFICATIONS: Bachelor of Education, University of Nairobi- 1996 to 2000, Master of Education, University of Nairobi- 2001 to 2004, Phd in Education Administration and Management, University of Nairobi-2013 to date.</p> <p>WORK EXPERIENCE: Examination/Curriculum Master at Gikurune Secondary School(1989-2003), Lecturer at Meru Teachers College (2004-2014), Part time lecturer: University of Nairobi and Mount Kenya University (2006-2017), Director Administration and Human Resource (Jan. 2018 to date), Director Education and Community Mobilization Alcoholic Drinks and Control Boards (2015 to Jan. 2018), Chief of Staff County Government of Meru (2014-2015).</p>
<p>4. Charles Mwenda Kaibiria</p>  <p>Fund Accounting Officer</p>	<p>DOB: 10/05/1982</p> <p>ACADEMIC QUALIFICATIONS: Master of Business Administration, Bachelor of Business Administration in Finance, Accounts CPA (K) and a member of ICPAK, Finance Administration & Human Resource (Member).</p> <p>WORK EXPERIENCE: Chief Officer Finance Economic Planning and ICT- Meru County Government of Meru (September 2022 to August 2023), Chief Officer Water, Environment & Natural Resources- Meru County Government of Meru (August 2023 to date)</p>

3. Management Team

Name	Details of qualifications and experience
<p>5. Dr. Kiambi J.T. Atheru. PhD</p>  <p>Fund Administrator</p>	<p>DOB: 23/07/1967</p> <p>ACADEMIC QUALIFICATIONS: Doctor of Philosophy (PhD) degree in Religious Studies, Master's Degree in Governance & Ethics (MGE), Bachelor's Degree in Development Studies (BDS) and Diploma in Water Engineering from the Kenya Water Institute.</p> <p>WORK EXPERIENCE: County Secretary, Meru County Government of Meru, civil service career of 26 years with significant contributions to water engineering in the national government, working in various districts of Kenya, as District Water Officer, collaborated and worked with internationally renowned agencies such as Japan International Cooperation Agency (JICA) and Swedish International Development Agency (SIDA).</p>
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<p>7. Samuel Murithi</p>  <p>Fund Secretary</p>	<p>DOB: 23.06.1967</p> <p>ACADEMIC QUALIFICATIONS: Bachelor of Education, University of Nairobi- 1996 to 2000, Master of Education, University of Nairobi- 2001 to 2004, Phd in Education Administration and Management, University of Nairobi-2013 to date.</p> <p>WORK EXPERIENCE: Examination/Curriculum Master at Gikurune Secondary School(1989-2003), Lecturer at Meru Teachers College (2004-2014), Part time lecturer: University of Nairobi and Mount Kenya University (2006-2017), Director Administration and Human Resource (Jan. 2018 to date), Director Education and Community Mobilization Alcoholic Drinks and Control Boards (2015 to Jan. 2018), Chief of Staff County Government of Meru (2014-2015).</p>
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**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Fund Chairperson's Report

On behalf of The Housing Loans Management Committee, I take this opportunity to present to you the 12 months, ended 30th June 2023, reports and financial statements pursuant to section 18 (d) of The Meru County Executive Staff Housing Fund Regulations 2015 which states that: within a period of three months after the end of each financial period, the Committee shall submit to the Auditor-General, the accounts of The Fund together with:

- a) A statement of financial position at the thirtieth day of June;
- b) A statement of comprehensive income;
- c) A statement of cash flow for the year ended;
- d) A summary of significant accounting policies and other explanatory information.

In the FY 2022/23 the budgetary allocation for the fund was Ksh.95,000,000 but there was a transfer of only Ksh.30,000,000 to the Fund during the Financial Year.

I therefore request the County Government of Meru for more financial and human resource support so as to realize the growth and development of this Fund.

The Committee confirms that The Fund remains focused on its mandate and is in the process of setting structures that will facilitate the performance of the functions of The Committee.

Name: **Julius Mbaabu M'Inoti**

Signature.....



Date.....

4.12.2023

Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Report of The Fund Administrator

The Meru County Executive Staff Housing Fund Regulations 2015 requires the Fund to prepare financial statements at the end of each financial period. I am pleased to present the financial statements for the board, for the period ended 30th June 2023.

The Meru County Executive Staff Housing Fund was created in 2015, through a regulation of the County Assembly of Meru, to provide loans for the purchase, development, renovation or repair of residential houses to members of staff and raise funds for the implementation of the objectives stated.

This corporation officially began its operations in May 2016 and the Financial Year 2022-23 being its seventh year of operation.

The performance reflected in these statements covers a period of 12 months for the expenditure incurred through the balance brought forward from the previous Financial Period.

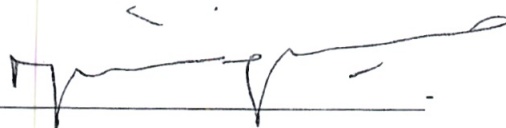
In the FY 2022/23 the budgetary allocation for the fund was Ksh.95,000,000 but there was a transfer of only Ksh.30,000,000 to the Fund during the Financial Year.

I therefore request the County Government of Meru for more financial and human resource support so as to enable the Fund to issue out more loans to more civil servants, especially those on low cadre to enable them realize the dream of having their own residential homes.

To address the issue of loan repayments in arrears, the Fund has in the previous years issued out demand notices to loan defaulters and has now prequalified auctioneers to help the Fund realize accrued repayments through the sale of assets charged as security to the loans advanced to the defaulters.

On behalf of the Housing Loans Management Committee, staff, Meru County residents and other stakeholders, I thank the Meru County Government for providing support to this Fund.

Signed: _____



Dr. Kiambi J.T. Atheru. PhD

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Statement of Performance Against County Entity's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives. This requires further an objective review of the performance of achievements during the respective year in relation to the planned outputs.

The Meru County Executive Staff Housing Fund is a Semi-Autonomous Government Agency created by County Assembly of Meru Staff Car loan Fund Regulations in, 2015; to among others to provide loans for the purchase, development, renovation or repair of residential houses to members of staff; to raise funds for the implementation of the same

During the FY2022/23, the fund planned to undertake various activities whose overall objective is to attain the overall objective which the fund was established to do.
The key development objectives of the Meru County Executive Staff Housing fund are to:

1. Provide loans for the purchase, development, renovation or repair of residential houses to members of staff to invest in infrastructural development as an enabler to economic growth and development
2. To raise funds for the implementation of the objective stated in the paragraph above

The progress on attainment of these Strategic objectives by the fund has been reported in the table below as follows;

Programme	Objectives	Outcome	Indicator	Performance (During the FY2022/23)
Provision of loan facilities	To enable County staff to achieve their goal of house ownership	Improvement of quality of living by county staff	No. of staff homes constructed	During the period under review, the fund disbursed Kshs.17,684,505 to 5 beneficiaries.
Mobilization of funds	To raise funds for implementation of home ownership dream by county staff	County staff able to access the loan facility	Amount collected during the year	During the period under review the fund collected Kshs.40,595,816 from both loan repayment and interest earned

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

7. Corporate Governance Statement

The practice of good corporate governance ensures the delivery of sustainable value for our County as well as meeting the needs of our stakeholders. Good Corporate Governance practices involve the adoption of ethically driven business policies, procedures and processes. The Housing Loans Management Committee is committed to ensuring that the needs of our investors and the expectations of our stakeholders are met while safeguarding the Funds' assets. We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the Board.

This report highlights the main corporate governance structures and practices that guide the Board:

Fund Administration Committee Meetings

During the Financial Year under review, the Fund Administration Committee held a total of five (5) meetings which all had met the requisite quorum.

Succession Plan

Following a change of regime after the August 2023 General Elections, there was a change in the composition of the Committee in the position of Fund Administrator and the Accounting Officer, whose position in the Committee is by virtue of the offices they hold as the County Secretary and the Chief Officer Finance respectively.

Board/Trustee Charter

The Fund is in the process of developing a Trustee Charter.

Process of Appointment and Removal of Fund Administration Committee

The current Committee headed by the Chairman is composed of four members exclusive of the Credit Analyst. The constitution of the Committee consists of one member nominated by resolution of public service board who shall be the Chairperson; the County Secretary who shall be the administrator of the fund; the county Chief Officer for finance who shall be the accounting officer and the county director in charge of human resource who shall be the secretary to the Committee and ex officio member.

A member of the Fund Administration Committee ceases to be a trustee of the Fund upon expiry of their term in the offices they hold in the County Government.

Roles and Functions of the Committee

The primary responsibility of the Committee is to provide leadership and strategic direction to the Fund. Committee members are expected to exercise the highest degree of care, skill and diligence in discharging their duties. The responsibilities of the Committee include: (i) Process applications for loans in accordance with the existing terms and conditions of borrowing.

(ii) Liaise with the housing company (if any) to set up a revolving fund for the disbursement of the loans. (iii) Supervise day to day running of the fund.

Induction and Training of the Committee

Regular training and development programmes are developed to equip the Committee with necessary skills for effective discharge of their mandate. Newly appointed members undergo a detailed induction training to enhance their understanding of the nature of our Funds performance and strategy.

During the Financial Year under review, the Committee held a training at the Mombasa Beach Hotel from 29th May to 3rd June 2023.

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Board and Member Performance

The Committee is at the core of the Funds' governance practice for protection of long-term interests of all stakeholders. Guided by the principles of best practices in governance, the Committee performs its duties in the interest of the Fund to improve stakeholder's value and for continued sustainability of the Fund.

Conflict of Interest

The Fund provides oversight to Management and ensures the staff operates within the Code of Conduct and Ethics and Public Officers and Ethics.

Governance Principles and Guidelines

The Fund provides oversight to Management and ensures the staff operates within the Code of Conduct and Ethics and Public Officers and Ethics.

Committee' Remuneration

During every Committee meeting, present members are entitled to a sitting allowance. The Chairperson receives a travel allowance.

Ethics, Conduct and Governance Audit

In line with the Meru County Executive Staff Housing Fund Regulations, 2015. The fund administrator is required to prepare annual financial statements for the Fund in each Accounting period. The statements should reflect a true and fair view of the financial position of the Fund as at the end of each financial period and should include: annual financial statements; the administrators' report; and the auditor's report on the financial statements. Members ensure that the Funds' financial statements are audited each financial period. They are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgments, and estimates. They also ensure that applicable accounting standards are followed as well as the duty to exercise care, skill and diligence. In addition, the Committee is responsible for ensuring that the Fund keeps reasonable and accurate accounting records showing and explaining the transactions and financial position of the Fund in compliance with prescribed accounting standards.

Internal control systems are designed to meet particular needs of the Fund and mitigate the risks, with attendant procedures intended to provide effective internal financial control. The Committee is obligated to maintain a sound system of internal controls to safeguard public finances. These include taking reasonable steps to ensure that the control and regulatory systems are continuously maintained and monitored. While the systems in place are intended to provide reasonable controls, absolute assurance cannot be guaranteed.

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

8. Management Discussion and Analysis

The establishment of the Meru County executive housing fund was established in line with the National Housing Policy for Kenya 2004 (Sessional Paper No. 3). The policy among other things called for employers to facilitate their employees to acquire housing. At the heart of Employer Assisted Housing is the idea that employees should be able to afford to live in the communities or neighbourhoods in which they work, and that there are multiple benefits to being able to do so. Prior to that, the Government was providing subsidized housing to its employees through the provision of Government owned or leased housing or payment of house allowance to those not provided housing by the government. This resulted in a number of problems such as inequity in subsidized housing provision benefiting only 12% while 88% were left to market private housing.

The Meru County executive staff housing came into operation in 29th may 2016. The objectives for which the scheme was established are providing housing loan facilities to County Government of Meru Employees for the purpose of either purchasing or constructing a residential house, developing housing units for rental by civil servants and raising funds for the implementation of the above.

The benefits of the home ownership scheme to employees are realization of dream of homeownership, enhanced lifestyle associated with homeownership such as greater community and school involvement and quality of life, increased job satisfaction and loyalty to employer, the possibility of reducing commuting time and investment in a home with possible equity appreciation over time.

Since inception the fund has disbursed monies to its beneficiary to a tune of Ksh.536,867,460 to a total of 80 members of the staff. These monies have been distributed as follows:

Financial year	Amount distributed	Number of disbursements
2017/18	179,500,000	14
2018/19	208,907,840	36
2019/2020	57,157,701	21
2020/2021	28,309,384	16
2021/2022	44,740,996	14
2022/2023	18,251,539	5

From the analysis, it is clear that there has been a decrease in loan disbursement for the last financial year occasioned by the 2022 General Elections. The fund administration is negotiating with the county management to allocate additional funding to the Fund. It is expected that the additional funding will enhance operations at the fund and also enable more employees to access the loans and help them realize the dream of home ownership.

Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Over the years the fund has collected Ksh. 52,283,542 as interest repayment from the loanees which has been subsequently used as a revolving fund as shown below:

Financial year	Amount earned as loan interest
2017/18	6,736,626
2018/19	5,448,156
2019/2020	8,907,292
2020/2021	11,255,142
2021/2022	10,644,989
2022/2023	9,291,337

Since the funds disbursed form part of the revolving fund, the interest earned and principal repayments are advanced to new beneficiaries to assist them towards their dream of home ownership.

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial period, the Administrator of the Meru County Executive Staff Housing Fund established by The Meru County Executive Staff Housing Fund Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

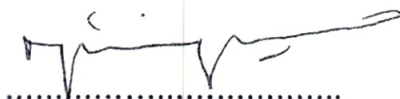
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial period ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Meru County Executive Staff Housing Fund Regulations. 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 period ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's amended financial statements were approved by the Committee on 04/12/2023 and signed on its behalf by:



.....
Administrator of the Fund

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MERU COUNTY EXECUTIVE STAFF HOUSING FUND OR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that the 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 Meru County Executive Staff Housing Fund set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Meru County Executive Staff Housing Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru County Executive Staff Housing 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), the Public Finance Management Act, 2012 and comply with the Meru County Executive Staff Housing Fund Regulations, 2015.

Basis of Qualified Opinion

1. Inaccuracies in the Notes to the Financial Statements

Additional disclosures on interest receivable under Note 4 reflects Kshs.70,958,565 in respect to current loan repayments due whereas the statement of financial position reflects Kshs.46,758,099 resulting to unexplained and unreconciled variance of Kshs.24,200,466.

In the circumstances, the accuracy and completeness of interest receivable amount of Kshs.46,758,099 disclosed in the financial statements could not be confirmed.

2. Unsupported Balance

The statement of financial position and as disclosed in Note 4b to the financial statements, reflects a balance of Kshs.359,970,732 in respect to long term loan receivable from exchange transactions. However, the supporting ledger for the debt provided for audit review did not include the amounts capitalized from valuation of securities and mortgage insurance policy.

In the circumstances, the accuracy and completeness of the long-term loan receivable of Kshs.359,970,732 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.11,819,396 and Kshs.9,291,337 respectively resulting to under-funding of Kshs.2,528,059 or 21% of the budget. Similarly, the statement reflects Kshs.6,700,000 and Kshs.4,502,423 in respect to expenditure budget and actual expenditure resulting to an under expenditure of Kshs.2,197,577 or 32 % of the budget.

In the circumstances, under funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in respect of this matter.

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

Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2021/2022 financial year. However, no report or recommendations from Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 149(2)(i) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unbalanced Budget

The statement of Comparison of Budget and Actual Amounts reflects final budgeted revenue of Kshs.106,819,396 and final budgeted expenditure of Kshs.6,700,000 resulting into a budget deficit of Kshs.100,119,396 contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the total budget revenue and expenditure appropriations shall be balanced

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for conclusion on effectiveness of Internal Controls, Risk Management and Governance Section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Serialize, Authorize and Document Payment Vouchers

Examination of payment vouchers revealed that they were poorly documented as they were not serially numbered, and stamped paid as required by regulations. Further, payment voucher numbers and cheque numbers were not entered on payment vouchers and the cashbook but only cheque numbers were posted to the cashbook. In addition, some payment vouchers were not duly authorized by the accounting officer as required.

In the circumstances, the effectiveness of the internal controls could not be confirmed.,

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 the financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 January, 2024

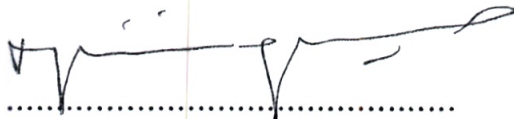
MERU COUNTY EXECUTIVE STAFF HOUSING FUND

Annual Report and Financial Statements For the year ended June 30, 2023

13: Statement of Financial Performance for The Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Fines, penalties and other levies		-	-
Revenue from exchange transactions			
Interest income	1	11,819,396	11,747,888
			-
Total revenue		11,819,396	11,747,888
Expenses			
Fund administration expenses		-	-
Staff costs		-	-
General expenses	2	4,502,423	4,309,508
Finance costs		-	-
Total expenses		4,502,423	4,309,508
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		7,316,973	7,438,380

The notes set out on pages 16 to 21 form an integral part of these Financial Statements



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Dr. Kiambi J.T. Atheru. PhD
Administrator of the Fund



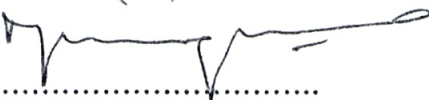
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Faithjolly Gatari Muriuki
Fund Accountant
ICPAK Member Number: 15812

**Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Position As At 30 June 2023

	Note	2022-2023 KShs	2021-2022 KShs
Assets			
Current assets			
Cash and cash equivalents	3	58,673,447	10,831,593
Current Receivables from exchange transactions	4a	46,758,099	54,171,775
Inventories			
Non-current assets			
Non- Current Receivables from Exchange Transactions	4b	359,970,732	362,893,849
Property, plant and equipment	5	1,296,922	1,485,011
Intangible assets		-	-
Total assets		466,699,200	429,382,228
Liabilities			
Current liabilities			
pre- payment			
Non-current liabilities			
Non-current employee benefit obligation		-	-
Long term portion of borrowing			
Total liabilities		-	-
Net assets			
Revolving Fund	6	425,851,126	395,851,126
Accumulated surplus		40,848,074	33,531,102
Total net assets and liabilities		466,699,200	429,382,228

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 04/12/2023 and signed by:



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Dr. Kiambi J.T. Atheru. PhD
Administrator of the Fund



.....
Faithjolly Gatari Muriuki
Fund Accountant
ICPAK Member Number: 15812

Meru County Executive Staff Housing Fund
 Annual Report and Financial Statements for the year ended June 30, 2023
 15. Statement Of Changes In Net Assets For The Year Ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	190,851,126	-	-	190,851,126
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	55,000,000	-	-	55,000,000
Revaluation gain	-	-	-	-
Surplus/(deficit) for the period	-	-	3,189,652	3,189,652
Balance as at 30 June 2018	245,851,126	-	3,189,652	249,040,778
Balance as at 1 July 2018	245,851,126	-	3,189,652	249,040,778
Surplus/(deficit) for the period	-	-	5,818,485	5,818,485
Funds received during the year	150,000,000	-	-	150,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	395,851,126	-	9,008,137	404,859,263
Balance as at 1st July 2019	395,851,126	-	9,008,137	404,859,263
Surplus/(deficit) for the period	-	-	9,474,521	9,474,521
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	395,851,126	-	18,482,658	414,333,784
Balance as at 1st July 2020	395,851,126	-	18,482,658	414,333,784
Surplus/(deficit) for the period	-	-	7,610,063	7,610,063
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	395,851,126	-	26,092,721	421,943,847
Balance as at 1st July 2021	395,851,126	-	26,092,721	421,943,847
Surplus/(deficit) for the period	-	-	7,438,380	7,438,380
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	395,851,126	-	33,531,102	429,382,228
Balance as at 1st July 2022	395,851,126	-	33,531,102	429,382,228
Surplus/(deficit) for the period	-	-	7,316,973	7,316,973
Funds received during the year	30,000,000	-	-	30,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2023	425,851,126	-	40,848,074	466,699,200

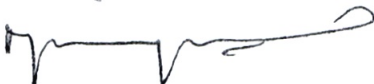
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 Dr. Kiambi J.T. Atheru. PhD
 Administrator of the Fund


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 Faithjolly Gatari Muriuki
 Fund Accountant
 ICPAK Member Number: 15812

Meru County Executive Staff Housing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Cashflows For The Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Interest received	7	9,291,337	10,644,989
Total Receipts		9,291,337	10,644,989
Payments			
General expenses	2	4,502,423	4,309,508
LESS Depreciation	2	-	122,462
Total Payments		4,502,423	4,187,046
Net cash flows from operating activities		4,788,914	6,457,943
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	1,485,011
Loan disbursements paid out	8	- 18,251,539	44,740,996
Net cash flows used in investing activities		- 18,251,539	46,226,007
Cash flows from financing activities			
Transfers from the County Government	6	30,000,000	-
Undeclared repayment		80,000	300,000
loan repayment	7	31,224,479	37,429,005
Net cash flows used in financing activities		61,304,479	37,729,005
Net increase/(decrease) in cash and cash equivalents		47,841,854	- 2,039,059
Cash and cash equivalents at 1 JULY 2022		10,831,593	12,870,652
Cash and cash equivalents at 30 JUNE 2023	3	58,673,447	10,831,593


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Administrator of the Fund


.....
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ICPAK Member Number: 15812

Meru County Executive Staff Housing Fund

Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2023	2023	2023	2023	2023	2023
Revenue	KShs	KShs	KShs	KShs	KShs	
Interest income	11,819,396	-	11,819,396	9,291,337	2,528,059	79
Transfers From County Govt.		95,000,000	95,000,000	30,000,000	65,000,000	32
Total income	11,819,396	95,000,000	106,819,396	39,291,337	67,528,059	79
Expenses						
General expenses	6,700,000	-	6,700,000	4,502,423	2,197,577	67
Total expenditure	6,700,000	-	6,700,000	4,502,423	2,197,577	67
Surplus for the period	5,119,396	95,000,000	100,119,396	34,788,914	65,330,482	35

Budget notes:

1. The difference between the budgeted and actual amounts arose due to some non-performing loans and delayed remittance of deductions by the County Government.

18. Notes to the Financial Statements

1. General Information

The Meru County Executive Staff Housing Fund is established by and derives its authority and accountability from The Meru County Executive Staff Housing Fund Regulations 2015.

The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya.

The fund's objective is to provide loans for the purchase, development, renovation or repair of residential houses to members of staff and raise funds for the implementation of the objectives stated.

The Fund's principal activity is to provide housing loans to members of staff.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

MERU COUNTY EXECUTIVE STAFF HOUSING FUND

Annual Report and Financial Statements For the Period ended June 30, 2023

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i>

MERU COUNTY EXECUTIVE STAFF HOUSING FUND

Annual Report and Financial Statements For the Period ended June 30, 2023

Standard	Effective date and impact
	<p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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.

MERU COUNTY EXECUTIVE STAFF HOUSING FUND

Annual Report and Financial Statements For the Period ended June 30, 2023

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Committee of the Fund in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2022/2023 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.

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 on page 5 of these financial statements.

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation calculated at the rate of 12.5% 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) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

f) 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.

g) 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.

h) Contingent liabilities

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

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.

i) Nature and purpose of reserves

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

j) 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.

k) 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.

l) 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.

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) 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.

p) Comparative figures

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

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 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.

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Annual Report and Financial Statements For the Period ended June 30, 2023

6. Notes To The Financial Statements

1. Interest Income

Description	2022-2023	2021-2022
	KShs	KShs
Interest income from loans(mortgage or car loans	11,819,396	11,747,888
Total interest income	11,819,396	11,747,888

2. General Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Consumables		-
Electricity and water expenses		-
Fuel and oil costs		-
Valuation costs	-	-
Subsistence Allowances	4,239,228	3,864,699
Printing and stationery		-
Fund Committee Allowance	254,000	282,000
Security costs		-
Telecommunication		-
Hospitality		-
Depreciation and amortization costs		-
Other expenses	9,195	40,347
Total	4,502,423	4,187,046

3. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Fixed deposits account		-
On – call deposits		-
Current account	58,673,447	10,831,593
Others		-
Total cash and cash equivalents	58,673,447	10,831,593

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Notes To The Financial Statements (Continued)

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

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
c) Current account			
Kenya Commercial bank	1204408971	58,673,447	10,831,593
Bank B			-
Sub- total		58,673,447	10,831,593

4. Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
4a Current Receivables from exchange transactions		
Interest Receivable	11,819,396	5,230,181
Current Loan Repayments Due	12,305,107	37,557,974
Other Exchange Debtors	22,633,596	11,383,620
Less: Impairment Allowance	-	-
Total Current Receivables	46,758,099	54,171,775
4b Non-Current Receivables		
Long Term Loan Repayments Due	359,970,732	362,893,849
Total Non- Current Receivables	359,970,732	362,893,849
Total Receivables From Exchange Transactions	406,728,831	417,065,624

Additional disclosure on interest receivable

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	53,378,418	
Accrued interest receivable from of long-term loans of previous years	6,613,347	
Interest receivable from current portion of long-term loans issued in the current year	10,966,800	
Current loan repayments due	70,958,565	
Current portion of long-term loans from previous years	107,759,852	
Accrued principal from long-terms loans from previous periods	26,439,170	
Current portion of long-term loans issued in the current year	30,313,499	

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Notes To The Financial Statements (Continued)

5. Property, Plant and Equipment

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	KShs	KShs	KShs	KShs	
At 1 st July 2017	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	198,568	198,568
Transfers/adjustments	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-
Depreciation and impairment	-	-	-	198,568	198,568
At 1 st July 2017	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	24,821	24,821
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-
Net book values	-	-	-	24,821	24,821
At 30 th June 2018	-	-	-	-	-
At 1 st July 2018	-	-	-	173,747	173,747
Additions	-	-	-	173,747	173,747
Disposals	-	-	-	55,000	55,000
Transfers/adjustments	-	-	-	-	-
At 30 th June 2019	-	-	-	-	-
Depreciation and impairment	-	-	-	228,747	228,747
At 1 st July 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	22,864	22,864
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2019	-	-	-	-	-
Net book values	-	-	-	22,864	22,864
At 30 th June 2019	-	-	-	-	-
At 1 st July 2019	-	-	-	205,883	205,883

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

	-	-	-	205,883	205,883
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2019	-	-	-	205,883	205,883
Depreciation and Impairment					
At 1st July 2019					
Depreciation	-	-	-	25,735	25,735
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	25,735	25,735
Net book values					
At 30th June 2020	-	-	-	180,148	180,148
At 1st July 2020	-	-	-	180,148	180,148
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	180,148	180,148
Depreciation and Impairment					
At 1st July 2020					
Depreciation	-	-	-	22,518	22,518
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	-	22,518	22,518
Net book values					
At 30th June 2021	-	-	-	157,630	157,630
At 1st July 2021	-	-	-	157,630	157,630
Additions	-	-	475,230	994,317	1,469,547
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2022	-	-	475,230	1,151,947	1,627,177
Depreciation and Impairment					

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At 1 st July 2021					
Depreciation	-	-	39,603	82,860	122,462
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2022	-	-	39,603	82,860	122,462
Net book values	-	-	39,603	82,860	122,462
At 30 th June 2022	-	-	435,628	1,069,087	1,485,011
At 1 st July 2022	-	-	435,628	1,069,087	1,485,011
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 th June 2023	-	-	435,628	1,069,087	1,485,011
Depreciation and Impairment	-	-	435,628	1,069,087	1,485,011
At 1 st July 2022	-	-	54,454	133,636	188,089
Depreciation	-	-	54,454	133,636	188,089
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2023	-	-	54,454	133,636	188,089
Net book values	-	-	54,454	133,636	188,089
At 30 th June 2023	-	-	381,174	935,451	1,296,922

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Notes To The Financial Statements (Continued)

6. Revolving Fund

Description	2022-2023	2021-2022
	KShs	KShs
Balance b/f	395,851,126	395,851,126
Transfers from the county government	30,000,000	-
Payments by County on behalf of the entity		-
Total	425,851,126	395,851,126

7. Loan Repayments

Description	2022-2023	2021-2022
	KShs	KShs
Loan principal	31,224,479	37,429,005
Undeclared repayment	80,000	300,000
Intrest received	9,291,337	10,644,989
Total other income	40,595,816	48,373,994

8. Loan Disbursements Paid Out

Description	2022-2023	2021-2022
	KShs	KShs
loan disbursments	18,251,539	44,740,996
Interest on loans from banks	-	-
Total	18,251,539	44,740,996

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Other Disclosures

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
- d) Board of Trustees

b) Related party transactions

	2022/2023	2021/2022
	KShs	KShs
Transfers from County Government	30,000,000	-

c) Key management remuneration

	2022/2023	2021/2022
	KShs	KShs
Fund Committee Allowances	254,000	282,000
Total	254,000	282,000

MERU COUNTY EXECUTIVE STAFF HOUSING FUND**Annual Report and Financial Statements For the Period ended June 30, 2023****Other Disclosures Continued**

2. 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2023				
Receivables from exchange transactions	406,728,831	406,728,831	-	-
Bank balances	58,673,447	58,673,447	-	-
Total	465,402,278	465,402,278	-	-
At 30 June 2022				
Receivables from exchange transactions	417,065,624	417,065,624	-	-
Bank balances	10,831,593	10,831,593	-	-
Total	427,897,217	427,897,217	-	-
At 30 June 2021				
Receivables from exchange transactions	421,966,365	421,966,365	-	-
Bank balances	12,870,652	12,870,652	-	-
Total	434,837,017	434,837,017	-	-
At 30 June 2020				
Receivables from exchange transactions	414,333,784	414,333,784	-	-
Bank balances	10,178,968	10,178,968	-	-
Total	424,512,752	424,512,752	-	-
At 30 June 2019				
Receivables from exchange transactions	404,859,263	404,859,263	-	-
Bank balances	37,165,488	37,165,488	-	-
Total	442,024,751	442,024,751	-	-

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
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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 receivable exchange transactions.

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2023	-	-		
Current portion of borrowings	-	-	46,758,099	46,758,099
Total	-	-	46,758,099	46,758,099
At 30 June 2022				
Current portion of borrowings	-	-	54,171,775	54,171,775
Total	-	-	54,171,775	54,171,775
At 30 June 2021				
Current portion of borrowings	-	-	59,181,122	59,181,122
Total	-	-	59,181,122	59,181,122
At 30 June 2020				
Current portion of borrowings	-	-	46,767,479	46,767,479
Total	-	-	46,767,479	46,767,479
At 30 June 2019				
Current portion of borrowings	-	-	29,964,364	29,964,364
Total	-	-	29,964,364	29,964,364
At 30 June 2018				
Current portion of borrowings	-	-	8,745,324	8,745,324
Total	-	-	8,745,324	8,745,324

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

c) Market risk

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

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

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

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

d) 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:

	2023	2022
	KShs	KShs
Revolving fund	425,851,126	395,851,126
Accumulated surplus	40,848,074	33,531,102
Total funds	466,699,200	429,382,228
Total borrowings	18,251,539	44,740,996
Less: cash and bank balances	(58,673,447)	(10,831,593)
Net debt/(excess cash and cash equivalents)	(40,421,908)	33,909,403
Gearing	9%	8%

3. Events after the reporting period

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

4. Ultimate and Holding Entity

The entity is a County Public Fund established by The Meru County Executive Staff Housing Fund Regulations, 2015 under the Department of Finance, Economic Planning & ICT. Its ultimate parent is the County Government of Meru.

5. Currency

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

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

19 Annexes

Annex I: Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	1.1 Unreconciled variance on Interest Income 1.2 Understatement of the interest earned 1.3 Inaccuracy in the statement of cash flows	The fund has since reconciled the issues raised.	Resolved	May 2023
2	Under Recovery of Monthly Loan Repayments	Management will promptly investigate the reasons behind loanees paying amounts lower than their required monthly loan repayments, implement necessary recovery measures, and document these actions in Note 4(b) of the financial statements for transparency.	Unresolved	Dec 2023
3	Defaulted loans	The board is in process of auctioning the said properties.	Unresolved	December 2023
4	Irregular of Long-term Receivables from Exchange Transactions	The Fund has since reconciled its records to reflect the true position	Resolved	January 2023

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 Accounting Officer

Date: 11/12/2023.....

MERU COUNTY EXECUTIVE STAFF HOUSING FUND

Annual Report and Financial Statements For the Period ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF MERU



EXECUTIVE STAFF HOUSING FUND

When replying please quote
Email: merucounty@meru.go.ke

Meru County Headquarters
P.O. Box 120-60200
Meru County

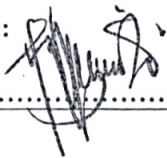
The Meru County Executive Staff Housing Fund wishes to confirm the amounts disbursed to the fund as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by Meru County Executive Staff Housing Fund as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by Department of Finance, Economic Planning & ICT (Kshs) as at 30 th June 2023				Amount Received by Meru County Executive Staff Housing Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
23171HPMCM	20/06/2023	30,000,000	-	-	30,000,000	30,000,000	-
Total		30,000,000	-	-	30,000,000	30,000,000	-

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

Head of Accountants department of beneficiary Fund:

Name COA TIMOTHY KARIRIA Sign  Date 04/12/23

MERU COUNTY EXECUTIVE STAFF HOUSING FUND
Annual Report and Financial Statements For the Period ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF MERU



EXECUTIVE STAFF HOUSING FUND

When replying please quote
 Email: merucounty@meru.go.ke

Meru County Headquarters
 P.O. Box 120-60200
 Meru County

The Meru County Executive Staff Housing Fund wishes to confirm the amounts disbursed to the fund as at 30th June 2023 as indicated in the table below.

Confirmation of amounts received by Meru County Executive Staff Housing Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Department of Finance, Economic Planning & ICT (Kshs) as at 30 th June 2023				Amount Received by Meru County Executive Staff Housing Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT23171HPMCM	20/06/2023	30,000,000	-	-	30,000,000	30,000,000	-
Total		30,000,000	-	-	30,000,000	30,000,000	-

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

Head of Accountants department of beneficiary Fund: *[Signature]*
 ne CPA TIMOTHY KARIA Sign Date 04/12/23