

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT

OF

THE AUDITOR-GENERAL

ON

**NYAMIRA COUNTY EXECUTIVE  
MORTGAGE AND CAR LOAN FUND**

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

PAPERS LAID	
DATE	23/04/2024
TABLED BY	Dep-Senate majority Whip
COMMITTEE	
CLERK AT THE TABLE	CAROLYNE C.





---

**NYAMIRA COUNTY EXECUTIVE MORTGAGE AND CAR LOAN  
SCHEME FUND**

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

---

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



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

---

**Table of Content**

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Mortgage Loans Management Committee	vii
4. Management Team	x
5. Fund Chairperson's Report	xi
6. Report of the Fund Administrator	xii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xiii
8. Corporate Governance Statement	xiv
9. Management Discussion and Analysis	xv
10. Environmental and Sustainability Reporting	xvi
11. Report of the Mortgage Loans Management Committee	xvii
12. Statement of Management's Responsibilities	xviii
13. Report of the Auditor-General on the Financial Statements for Nyamira County Executive Mortgage and Car Loan Scheme Fund	xix
14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2023	1
15. Statement of Financial Position as at 30 June 2023	2
16. Statement of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2023	3
17. Statement of Cash Flows for The Year Ended 30 June 2023	4
18. Statement of Comparison of Budget and Actual Amounts for The Period	5
19. Notes to the Financial Statements	6
20. Annexes	23



## 1. Acronyms and Glossary of Terms

### A. Acronyms and Abbreviations

CECM	County Executive Committee Member
CPA	Certified Public Accountant
FX	Foreign Exchange
ICPAK	Institute of Certified Public Accountant
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
KERRA	Kenya Rural Roads Authority
OAG	Office of Auditor General
PACDU	Public Administration and Coordination of decentralized Units
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SAGA	Semi- Autonomous Government Agency
SC	State Corporation
Kshs.	Kenya Shillings

### B. Glossary of Terms

**Fiduciary Management** – Members of Management directly entrusted with the responsibility of financial resources of the organisation.

**Comparative year** – Prior period



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

**2. Key Entity Information and Management**

**a) Background information**

Nyamira County Executive Mortgage and Car Loan Scheme Fund (hereafter referred to as *the Fund*) was established under the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 on May 30, 2015. The Fund is domiciled in Kenya.

The Fund's objectives are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

**b) Principal Activities**

The principal activity of the Fund is to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

**c) Fund Administration Committee**

Ref	Name	Position
1	CPA Emilly Moraa Ongaga	Chairperson
2	Jones Omwenga	Member
3	Alice Manoti	Member
4	Bernard Maina	Member
5	CPA Dominic Barare	Fund Administrator

**d) Key Management Team**

Ref	Name	Position
1	CPA Emilly Moraa Ongaga	Chairperson
2	CPA Dominic Barare	Fund Administrator
3	CPA Purity Nyamboga	Head of Treasury Accounting Services
4	CPA Rael Nyandika	Fund Accountant

The above named key management personnel held office during the financial year ended June 30, 2023 and had direct fiduciary responsibility. After the end of the financial year under review, the Appointing



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

---

Authority did some changes that affected some key management personnel and the below named officers have therefore signed the amended Financial Statements for the Fund.

Ref	Name	Position
1	Dr Geoffrey Morara Nyakoe	Chairperson
2	Dr CPA Asenath Maobe	Fund Administrator

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate of Internal Audit	CPA Ann Nyanchama Ong'era

**f) Registered Offices**

P.O. Box 434 - 40500  
Nyamira County Building  
Off Kisii – Chemosit Road  
Nyamira, Kenya.

**g) Fund Contacts**

Telephone: (254)-0738727272, 0735232323

E-mail: [info@nyamira.go.ke](mailto:info@nyamira.go.ke)

Website: [www.nyamira.go.ke](http://www.nyamira.go.ke)

**h) Fund Bankers**

Equity Bank  
Nyamira Branch  
P.O. Box  
Nyamira, Kenya.

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

**k) County Attorney**

Erastus Orina,  
The Honorable County Attorney,  
P.O. Box 434-40500,  
Nyamira,  
Kenya.



3. Mortgage Loans Management Committee



*CPA Emilly Moraa Ongaga*  
**CECM: Finance ICT and Economic Planning  
 and Chairperson, Mortgage Loans  
 Management Committee**  
**NYAMIRA COUNTY EXECUTIVE**

**Academic Qualifications**

CPA Emilly Moraa Ongaga holds a post graduate degree in Business Administration (Finance) from Egerton University and a Bachelor of Arts (Economics & Sociology) degree from the University of Nairobi.

**Professional Experience**

Prior to her appointment, she served as the Director Corporate Services in the National Commission for Science, Technology and Innovation. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing (membership number 10900). She has a wealth of experience from various institutions spanning over twenty one years.



*Mr. Jones Moko Omwenga*  
**CECM: Transport, Roads and Public Works  
 and Member, Mortgage & Car Loan Scheme  
 Fund Management Committee**  
**NYAMIRA COUNTY EXECUTIVE**

**Academic Qualifications**

Mr. Jones Moko Omwenga is from Itibo ward, Nyamira North sub-county. In his educational sojourn, he has attained a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.

**Professional Experience**

In the County Government of Nyamira, he has previously served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively. Currently he serves as a the County Executive Committee member for Transport, Roads and Public Works





*Mrs Alice Manoti*

*CECM: Agriculture, Livestock & Fisheries and  
Member, Mortgage & Car Loan Scheme Fund*

*Management Committee*

**NYAMIRA COUNTY EXECUTIVE**

*Academic qualifications*

Mrs Alice Manoti is a graduate of Egerton University.

*Professional qualifications*

Mrs. Manoti has vast experience in the public service sector spanning close to 30 years.

She has worked in Kisii county formerly Kisii district where she rose to the rank of DLPO then later was assigned to head a KAPPAP world bank project at Ogembo.

In the County Government of Nyamira, she has previously worked as a chief officer for water and sanitation department, PSM department (formerly Public Administration and Coordination of decentralized Units (PACDU) and Transport, Roads and Public Works department.



*Mr Bernard Maina*

*CECM: Trade, Tourism, Industry and  
Cooperative Development and Member,*

*Mortgage & Car Loan Scheme Fund*

*Management Committee*

**NYAMIRA COUNTY EXECUTIVE**

*Academic Qualifications*

Mr. Bernard Maina holds a Bachelor of Science (BSC) degree from the University of Nairobi and professional Certificate in Retail Banking from Retail Banking Academy International.

*Professional Experience*

He is skilled in Business Development, Customer experience, Relationship building and Management, Credit origination and analysis SME banking, Foreign Exchange (FX) and Operations risk management.





***CPA Dominic Barare Oyugi***

***Chief Officer, Finance & Accounting  
Services and Fund Administrator,  
Mortgage and Car Loan Scheme Fund  
NYAMIRA COUNTY EXECUTIVE***

***Academic Qualifications***

CPA Dominic Barare Oyugi hails from Bogichora ward. He has a Masters degree in Business Administration (Finance) and a Bachelors degree in Business Administration.

***Professional Experience***

CPA Oyugi is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing (membership number 15694).

Previously, CPA Oyugi worked for the County Government of Nyamira as the Director of Finance and a Deputy Director of Health, Finance and Administration. Before joining the County Government service, CPA Oyugi served as a Regional Accountant for Kenya Rural Roads Authority (KERRA)

He has a working experience spanning over twenty years.

4. Management Team



**CPA Dominic Barare Oyugi**  
**MBA(Finance), BA(Finance), CPA(K)**

**Academic Qualifications**

CPA Dominic Barare Oyugi hails from Bogichora ward. He has a Masters degree in Business Administration (Finance) and a Bachelors degree in Business Administration.

**Professional Experience**

CPA Oyugi is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing (membership number 15694).

Previously, CPA Oyugi worked for the County Government of Nyamira as the Director of Finance and a Deputy Director of Health, Finance and Administration. Before joining the County Government service, CPA Oyugi served as a Regional Accountant for Kenya Rural Roads Authority (KERRA)

He has a working experience spanning over twenty years.



**CPA Purity Moraa Nyamboga**  
**MBA(Finance), Bcom (Finance), CPA(K)**

**Academic Qualifications**

CPA Purity Moraa Nyamboga is the Head of Accounting Services. She holds a Masters degree in Business Administration (Finance) from JKUAT and a Bachelor of Commerce from KCA.

**Professional Experience**

CPA Nyamboga is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing (Membership Number 20795)

She has a working experience spanning over eight years.



## **5. Fund Chairperson's Report**

During the financial year 2015/2016, the County created a revolving mortgage and car loan scheme fund by the name Nyamira County Executive Mortgage and Car Loan Scheme Fund to provide a loan scheme for the purchase of cars and purchase, development, renovation or repair of residential property by members of the scheme (Executive Committee Member or County Public servant). The loans issued to each County Executive Committee Member would be repayable within the term in office of the office bearers at an interest rate of three (3) Per cent per annum on reducing balance.

Upon operationalization of the Fund in August 2015 an initial capital of the fund of Kshs. 52,500,000 was appropriated and injected from the County Treasury. In the financial year under review, a further Kshs. 70,000,000 was appropriated and injected into the revolving fund capital. The Fund Capital by the end of the financial year was Kshs. 122,500,000.

For the financial year under review, the Fund recorded a surplus of Kshs. 647,720 up from a deficit of Kshs. 140,073 reported in the comparative year. Net assets and liabilities of Kshs. 121,442,577 were reported during the year under review, up from Kshs. 50,801,091 reported in the comparative year.

Since inception of the Fund, only County Executive officers at top senior management positions have benefited from the Fund. The Loans Management Committee is currently in the process of cascading accessibility to the Fund by other County executive officers. This will however, be done in stages as dictated by availability of funds.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30<sup>th</sup> June 2023.



Dr Geoffrey Morara Nyakoe

**CHAIRMAN – MORTGAGE LOANS MANAGEMENT COMMITTEE**

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

---

**6. Report of the Fund Administrator**

Section 19 (d) of the Nyamira County Executive Mortgage and Car Loan Scheme Fund Regulations, 2015 provides that the Administrator of the Fund shall prepare, sign and transmit to the Auditor General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act.

In the year under review, the Fund recorded a surplus of Kshs. 647,720 by netting total expenditure of Kshs. 644,710 against total revenue of Kshs. 1,292,430. An initial outlay of Kshs. 52,500,000 was appropriated and injected from the County Treasury during the 2015/16 financial year and a further Kshs. 70,000,000 was appropriated in the current financial year. With the accumulated deficit brought forward from the previous periods of Kshs. 1,336,043 the Fund recorded total net assets of Kshs. 121,163,957.

During the year under review, loan disbursements totalling to Kshs. 76,968,770 were done to scheme members. Principal loan recoveries of Kshs. 13,159,289 were made. The Fund ended up with Ksh 24,759,013 in cash and cash equivalents and receivables of Kshs. 96,683,565; being Kshs. 94,527,979 and Kshs. 2,155,586 from exchange transactions and non-exchange transactions respectively.

Widening of the scope of membership to the fund for the benefit of the other County Executive public officers is yet to be attained. As such, the scheme does not enjoy the advantage of economies of scale on interest income earned which forms the largest portion of revenue from exchange transactions.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30<sup>th</sup> June 2023.



Dr CPA Asenath Maobe  
**FUND ADMINISTRATOR**



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

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

**Introduction**

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

The key development objectives of the Fund are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Nyamira County Executive Mortgage scheme fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.	Increased home ownership by the scheme members	Amount of mortgage loans advanced to scheme members	In FY 2022/2023 Nyamira county executive through the Mortgage scheme fund advanced Ksh. 76,968,770 as new loans to the scheme members
Nyamira County Executive Car Loan Scheme fund	To provide a loan scheme for the purchase of vehicles by members of the scheme.	Increased car ownership by the scheme members	Amount of car loans advanced to scheme members	In FY 2022/2023 Nyamira county executive never advanced car loans to its scheme members

## **8. Corporate Governance Statement**

After the August 2017 general election that saw the re-election of the governor, H.E. John Obiero Nyagarama to office, ten County Executive Committee members (CECMs) were appointed to office for a two years term with effect from November 1, 2017. One of the appointed CECMs resigned. After expiry of the first two years term, the remaining nine CECMs were reappointed and held office until December 2020 upon the unfortunate demise of Governor John Obiero Nyagarama. H.E. Amos Nyaribo took over as the new County Governor on 29<sup>th</sup> December 2020. The 9<sup>th</sup> August 2022 General Elections resulted to the re-election of H.E. Amos Nyaribo to office. The governor thereafter appointed ten County Executive Committee members. Four of these CECMs plus the County Chief Officer for Finance and Accounting Services were appointed by H.E. the governor to the Mortgage Loans Management Committee as appears in the Fund Administration Committee section on page vii. This Mortgage Loans Management Committee co-opted the honourable County Attorney to the Committee.



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

During the year under review, the Fund recorded a surplus of Kshs. 647,720 up from a deficit of Kshs. 140,073 reported in the comparative year. Currently, only County Executive officers at top senior management positions benefit from the Fund. The management tabled a proposal to widen the scope of membership to the fund for the benefit of the other County Executive officers before the County assembly. The proposal is under consideration by the said oversight body. Once this proposal is passed, the management expects to record more interest which is the major source of income from exchange transactions. This will in turn improve the financial performance of the fund and ensure its sustainability.

The management, from time to time, seeks to have enabling regulations governing the fund's operations and is committed to ensure strict adherence to the set fund regulations in furtherance of compliance with statutory requirements.

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

The Nyamira County Executive Mortgage and Car Loan Scheme Fund exist to transform lives. This is the Fund's purpose; the driving force behind everything it does. It's what guides the Fund to deliver its strategy, putting the customer/Citizen first, delivering relevant services, and improving operational excellence.

During the financial year under review, the Fund did not engage in any activity that foster environmental and Sustainability engagement. The fund, however, intends to start engaging in activities that promote sustainability upon widening the scope of the Scheme to cover more members.



## **11. Report of the Mortgage Loans Management Committee**

The Mortgage Loans Management Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund's affairs.

### **Principal activities**

The principal activities of the Entity are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

### **Results**

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

### **Mortgage Loans Management Committee**

The members of the Mortgage Loans Management Committee who served during the year are shown on page vii. During the year no member retired/ resigned and the members co-opted the Honourable County Attorney to the committee.

### **Auditors**

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

By Order of the Mortgage Loans Management Committee



.....  
Dr CPA Asenath Maobe  
**FUND ADMINISTRATOR**

**Date: 5<sup>th</sup> February 2024**

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme 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.

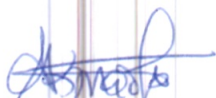
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate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

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Fund’s financial statements were approved by the Mortgage Loans Management Committee on 5<sup>th</sup> February 2024 and signed on its behalf by:



.....  
Dr CPA Asenath Maobe  
**Fund Administrator**



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY EXECUTIVE MORTGAGE AND CAR LOAN FUND FOR THE YEAR ENDED 30 JUNE, 2023**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Nyamira County Executive Mortgage and Car Loan Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

---

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



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyamira County Executive Mortgage and Car Loan Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Variance Between the Financial Statements and Comparative Balances**

The statement of cash flows reflects comparative amounts which differ with the prior year audited statement balances as shown below:

<b>Component Description</b>	<b>Financial Statements for 2022/2023 (Kshs.)</b>	<b>Audit Certificate Financial Statements 2021/2022 (Kshs.)</b>	<b>Variance (Kshs.)</b>
<b>Statement of Cash Flows</b>			
Other Receipts	2,300,000	0	2,300,000
Total Receipts	2,706,333	406,333	2,300,000
Other Payments	5,470,000	0	5,470,000
Total Payments	5,818,840	3,518,840	2,300,000

In the circumstances, the accuracy and completeness of the comparative amounts in the statement of cash flows could not be confirmed.

#### **2. Unsupported Interest Income**

The statement of financial performance reflects interest income amount of Kshs.1,292,430 which includes an amount of Kshs.638,060 in respect of interest income received from mortgage loans as disclosed in Note 1 to the financial statements. However, the supporting documents including amortization schedule for loan issued detailing date of loan issued, amount of loan principal and interest charged and payroll supporting loan repayment deductions were not provided for audit.

In the circumstances, the accuracy and completeness of interest income received from mortgage loans amounting to Kshs.638,060 could not be confirmed.



### **3. Unsupported Cash Withdrawals**

The statement of financial performance reflects an amount of Kshs.644,710 in respect of use of goods and services. However, review of the supporting documents including bank statements revealed that cash amounting to Kshs.4,000,000 was withdrawn from the Fund account on 17 August, 2022 but the expenditure was not included in the use of goods and services expenses. Further, the supporting payment vouchers for the expenditure were not provided for audit.

In the circumstances, the accuracy and completeness of use of goods and services an amount of Kshs.644,710 could not be confirmed.

### **4. Inaccuracies in Receivables from Exchange Transactions**

As disclosed in Note 6 to the financial statements, the statement of financial position reflects a balance of Kshs.55,204,988 in respect of long-term receivables from exchange transactions. However, re-calculation of the balance using information provided revealed a balance of Kshs.23,848,429 resulting in an unexplained and unreconciled variance of Kshs.31,356,559. Further, the balance was not supported with detailed individual amortization scheduling indicating loan issued, monthly principal and interest payments.

In the circumstances, the accuracy and completeness of the balance of Kshs.55,204,988 in respect of long-term receivables from exchange transactions could not be confirmed.

### **5. Non-Performing Loans**

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.39,322,992 as detailed in Note 6 of the financial statements which includes a balance of Kshs.22,462,712 in respect of amounts owed by former employees. From the list of borrowers, two of them did not provide collateral security. Further, no demand letters have been written to the defaulters despite the loans being dormant for periods ranging from three (3) to seven (7) years. In addition, there was no evidence that the borrowers had provided transfer deeds to enable the Administrator to sell.

In the circumstances, the accuracy and completeness of the current receivables from exchange transactions balance of Kshs.22,462,712 could not be confirmed.

### **6. Unsupported Disbursed Mortgage Loans**

The statement of cash flows reflects loan disbursements paid out amounting to Kshs.76,968,770 in respect of loans paid to eleven (11) members of staff during the year under review. However, the loan applications were not supported with the requisite documents including approved copies of the proposed residential property, bills of quantities in respect of the proposed development and official search of the title to the property to be purchased.

In the circumstances, the accuracy and completeness of the loans amounting to Kshs.76,968,770 could not be confirmed.



## **7. Unsupported Receivables from Non-Exchange Transactions.**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.2,155,586 as disclosed in Note 7 to the financial statements. However, supporting documents including credit ledgers revealed borrowings by the County Government during assumption in August, 2022 which have not been supported with the necessary approvals and has not been refunded.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.2,155,586 could not be confirmed.

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

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Register Charges on Securities**

Review of records in support of the loans disbursed out during the year revealed that the Fund Management had not registered charges on the loan disbursed of Kshs.76,968,770 during the year. This is contrary to Regulations 16 of the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 which requires that the Board shall have a charge registered on the property financed through a loan granted by the Fund and shall be entitled to have its name entered in all documents of title for such property.

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



## **2. Non-Remittance of Fringe Benefit Tax**

The statement of financial position reflects a trade and other payables balance of Kshs.278,620 as disclosed in Note 8 to the financial statements. However, the balance excludes an amount of Kshs.179,122 in respect of fringe benefit tax not remitted to Kenya Revenue Authority (KRA).

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

## **3. Lack of Approved Budget**

The financial statements contained statement of comparison of budget and actual amounts for the year under review. However, the Management did not provide the approved budget for audit review contrary to Regulation 29(2) which states that the accounting officer is responsible, in particular for ensuring that—(a) all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his county government entity during the financial year.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Mortgage Protection Policy and Motor Insurance**

Review of the financial records in respect to loans revealed that the motor vehicles acquired through loans granted to members did not have comprehensive insurance policies contrary to Regulations 17(1) of the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 which requires that that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Board.

In the circumstances, there is a possibility of loss of public funds in case of any unforeseen occurrence.



The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which 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 on whether, in all material respects, 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, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls 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 which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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

  
FCPA Nancy Gathungu, SBS  
AUDITOR-GENERAL

Nairobi

14 March, 2024



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

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from exchange transactions</b>			
Interest Income	1	1,292,430	406,333
<b>Total Revenue</b>		<b>1,292,430</b>	<b>406,333</b>
<b>Expenses</b>			
Use of Goods and Services	3	644,710	546,406
<b>Total Expenses</b>		<b>644,710</b>	<b>546,406</b>
<b>Surplus(Deficit) for the period</b>		<b>647,720</b>	<b>(140,073)</b>

*(The notes set out on pages 6 to 22 form an integral part of these Financial Statements)*



.....  
**Dr CPA Asenath Maobe**  
**Fund Administrator**  
**ICPAK Member Number: 22934**



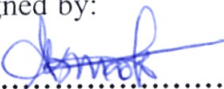
.....  
**CPA Rael Nyandika**  
**Fund Accountant**  
**ICPAK Member Number: 15865**


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

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

	Note	2022/2023	2021/2022
Assets		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	5	24,759,013	17,549,544
Receivables from Exchange Transactions	6	39,322,992	30,081,547
Receivables from Non-exchange transactions	7	2,155,586	3,170,000
<b>Total Current Assets</b>		<b>66,237,591</b>	<b>50,801,091</b>
<b>Non-current assets</b>			
Receivables from Exchange Transactions	6	55,204,988	-
<b>Total Non-Current Assets</b>		<b>55,204,988</b>	<b>-</b>
<b>Total Assets</b>		<b>121,442,579</b>	<b>50,801,091</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	278,620	440,245
<b>Total Current Liabilities</b>		<b>278,620</b>	<b>440,245</b>
<b>Total Liabilities</b>		<b>278,620</b>	<b>440,245</b>
<b>Net Assets</b>			
Accumulated surplus/(deficit)	11	(1,336,043)	(3,465,968)
Capital Fund	12	122,500,000	53,826,814
<b>Total Net Assets</b>		<b>121,163,957</b>	<b>50,360,846</b>
<b>Total Net Assets and Liabilities</b>		<b>121,442,577</b>	<b>50,801,091</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5<sup>th</sup> February 2024 and signed by:

  
 .....  
**Dr CPA Asenath Maobe**  
**Fund Administrator**  
**ICPAK Member Number: 22934**

  
 .....  
**CPA Rael Nyandika**  
**Fund Accountant**  
**ICPAK Member Number: 15865**



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

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

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2021	52,500,000	(3,325,895)	49,174,105
Surplus/(deficit) for the period	-	(140,073)	(140,073)
Payments made by County on behalf of the Fund	42,175	-	42,175
Interest accrued and capitalized	1,284,639		1,284,639
<b>Balance as at 30 June 2022</b>	<b>53,826,814</b>	<b>(3,465,968)</b>	<b>50,360,846</b>
<b>Balance as at 1 July 2022</b>	<b>53,826,814</b>	<b>(3,465,968)</b>	<b>50,360,846</b>
<b>Prior Year Adjustments</b>			
Recognition of Payments made by County on behalf of the Fund in 2021/2022 FY	(42,175)	42,175	-
Proper recognition Interest accrued and capitalized in the 2021/2022 FY	(1,284,639)	1,284,639	-
Recognition as income, the FY 2021/2022 outstanding fringe benefit tax that was credited to the Trade and Other Payables in the 2021/2022 FY but paid by the County Government on behalf of the Fund in the 2022/2023 FY		155,391	
Adjusted Balance as at 1 July 2022	<b>52,500,000</b>	<b>(1,983,763)</b>	<b>50,516,237</b>
Surplus/(deficit) for the period	-	647,720	647,720
Funds received during the year	70,000,000	-	70,000,000
<b>Balance as at 30th June 2023</b>	<b>122,500,000</b>	<b>(1,336,043)</b>	<b>121,163,957</b>

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

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

	Note	Cumulative to date	Actual Audited
		2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest Received	1	638,060	406,333
Other Receipts	2	5,025,600	2,300,000
<b>Total Receipts</b>		<b>5,663,660</b>	<b>2,706,333</b>
<b>Payments</b>			
Use of goods and services	3	644,710	348,840
Other payments	4	4,000,000	5,470,000
<b>Total Payments</b>		<b>4,644,710</b>	<b>5,818,840</b>
<b>Net cash flows from/(used in) operating activities</b>	13	<b>1,018,950</b>	<b>(3,112,507)</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments	9	13,159,289	16,255,189
Loan disbursements paid out	10	(76,968,770)	(3,400,000)
<b>Net cash flows from/(used in) investing activities</b>		<b>(63,809,481)</b>	<b>12,855,189</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts	12	70,000,000	-
<b>Net cash flows used in financing activities</b>		<b>70,000,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,209,469</b>	<b>9,742,682</b>
Cash and cash equivalents at 1 July	5	17,549,544	7,806,862
<b>Cash and cash equivalents at 30 June</b>	5	<b>24,759,013</b>	<b>17,549,544</b>



Nyamira County Executive Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual Amounts for The Period

	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	1,200,000	-	1,200,000.00	1,292,430	(92,430)	108%
<b>Total income</b>	<b>1,200,000</b>	<b>-</b>	<b>1,200,000.00</b>	<b>1,292,430</b>	<b>(92,430)</b>	
<b>Expenses</b>						
Use of Goods and Services	650,000.00	-	650,000.00	644,710	5,290	99%
General expenses	-	-	-	-	-	
Finance cost	-	-	-	-	-	
<b>Total expenditure</b>	<b>650,000.00</b>	<b>-</b>	<b>650,000.00</b>	<b>644,710</b>	<b>5,290</b>	
<b>Surplus/(Deficit) for the period</b>	<b>550,000.00</b>	<b>-</b>	<b>550,000.00</b>	<b>647,720</b>	<b>(97,720)</b>	
Capital Expenditure	-	-	-	-	-	

Nyamira County Executive Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023

---

19. Notes to the Financial Statements

1. General Information

Nyamira County Executive Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. The Fund is wholly owned by Nyamira County Executive and is domiciled in Kenya. The Entity's principal activity is to process applications for loans in accordance with the set terms and conditions of borrowing.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>



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

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

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

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

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

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



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

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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 2022/2023.

#### **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 Nyamira County Assembly on 28<sup>th</sup> June 2022. No Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

##### **c) Taxes**

###### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

###### **Fringe Benefit tax**

Fringe benefit tax for the current period was calculated using the tax rates (specifically, Market rates) provided by the relevant authorities on a quarterly basis. The ensuing tax of Kshs. 413,464, being an obligation of the employer (Nyamira county Government), has not been recognized on the face of the Financial Statements.

##### **d) Trade and other receivables**

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



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

---

**e) 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.

**f) 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 County Executive Committee members, the County Chief Officers, the directors and senior managers.

**g) 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.

**h) Comparative figures**

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

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

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

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.



Nyamira County Executive Mortgage and Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1 Interest Income

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Interest income received from mortgage loans	638,060	406,333
Interest accrued	654,370	
<b>Total Interest Income</b>	<b>1,292,430</b>	<b>406,333</b>

Interest was charged at 3% per annum on reducing balance. For the period under review, an interest of Kshs. 654,370 from non-performing loans accrued and was capitalized

2 Other Receipts

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Receipts from Non-exchange transactions	5,025,600	2,300,000
<b>Total Receipts from Non-exchange transaction</b>	<b>5,025,600</b>	<b>2,300,000</b>

Other receipts relate to the refund of inter-departmental borrowings as reflected in the note on Receivables from non-exchange Transactions in the financial year under review

3 Use of Goods and Services

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Other staff costs	636,000	345,900
Bank Charges	8,710	2,940
Fringe Benefit Tax	-	197,566
<b>Total</b>	<b>644,710</b>	<b>546,406</b>

4 Other Payments

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Payments from Non-exchange transactions	4,000,000	5,470,000
<b>Total</b>	<b>4,000,000</b>	<b>5,470,000</b>

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

Other payments relate to the disbursement of inter-departmental borrowings as reflected in the note on Receivables from non-exchange Transactions in the financial year under review

**5 Cash and Cash Equivalents**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Nyamira County Mortgage Account	24,759,013	17,549,544
<b>Total cash and cash equivalents</b>	<b>24,759,013</b>	<b>17,549,544</b>

**5(a) Detailed analysis of the cash and cash equivalents**

		FY2022/2023	FY2021/2022
Financial institution	Account number	KShs	KShs
<b>Current account</b>			
Equity Bank	0520278737966	24,759,013	17,549,544
<b>Total</b>		<b>24,759,013</b>	<b>17,549,544</b>

**6 Receivables from exchange transactions**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
<b>Current Receivables</b>		
Current Loan Repayments Due	39,322,992	30,081,547
<b>Total Current receivables</b>	<b>39,322,992</b>	<b>30,081,547</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	55,204,988	-
<b>Total Non- Current Receivables</b>	<b>55,204,988</b>	<b>-</b>
<b>Total Receivables From Exchange Transactions</b>	<b>94,527,979</b>	<b>30,081,547</b>

**7 Receivables from Non-Exchange transactions**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Other debtors (non-exchange transactions)	2,155,586	3,170,000
<b>Total current receivables</b>	<b>2,155,586</b>	<b>3,170,000</b>



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

**8 Trade and other payables**

Description	FY2022/2023		FY2021/2022	
	Kshs		Kshs	
Trade Payables	278,620		284,854	
Other Payables - Fringe Benefit Tax	-		155,391	
<b>Total Trade and Other Payables</b>	<b>278,620</b>		<b>440,245</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>FY2022/2023</b>	<b>% of the Total</b>	<b>FY2021/2022</b>	<b>% of the Total</b>
Under one year		-	161,625	37
1-2 years		-		
2-3 years		-		
Over 3 years	278,620	100	278,620	63
<b>Total</b>	<b>278,620</b>		<b>440,245</b>	

**9 Proceeds From Principal Loan Repayments**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Proceeds From Principal Loan Repayments	13,159,289	16,255,189
<b>Total Proceeds From Principal Loan Repayments</b>	<b>13,159,289</b>	<b>16,255,189</b>

**10 Loan Disbursements**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Loan Disbursements	76,968,770	3,400,000
<b>Total Loan Disbursements</b>	<b>76,968,770</b>	<b>3,400,000</b>

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

**11 Accumulated Surplus**

<b>Description</b>	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Surplus (Deficit) for the Period as per Statement of Financial Performance	647,720	(140,073)
Accumulated Surplus (Deficit) for previous period	(3,465,968)	(3,325,895)
Accumulated Surplus (Deficit) as per Statement of Financial Performance	(2,818,247)	(3,465,968)
<b>Adjustments:</b>		
Recognition as income, FY 2021/2022 Accrued Interest from non-performing Loans that was credited to the Capital Fund	1,284,639	
Recognition as income, FY 2021/2022 payments by County Government on behalf of the Fund that was credited to the Capital Fund	42,175	
Recognition as income, the FY 2021/2022 outstanding fringe benefit tax that was credited to the Trade and Other Payables account in the 2021/2022 FY but paid by the County Government on behalf of the Fund in the 2022/2023 FY	155,391	
<b>Adjusted Accumulated Surplus</b>	<b>(1,336,043)</b>	<b>(3,465,968)</b>

**12 Capital Fund**

<b>Description</b>	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Fund Capital As at 01.07.2022	53,826,814	52,500,000
Adjustments to Capital Fund (Interest Accrued and Capitalized & Payments by County on Behalf of the entity recognized as income)	(1,326,814)	
Fund Capital Appropriated During Year	70,000,000	
Interest Accrued and Capitalized		1,284,639
Payments by County on behalf of the entity		42,175
<b>Fund Capital As at 30.06.2023</b>	<b>122,500,000</b>	<b>53,826,814</b>



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

**13. Cash generated from operations**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>647,720</b>	<b>(140,073)</b>
<b>Adjusted For:</b>		
Interest Income accrued	(654,370)	-
<b>Working Capital Adjustments</b>		
Decrease (Increase) In Receivables	1,025,600	(3,170,000)
Increase (Decrease) In Payables	-	197,566
<b>Net Cash Flow From Operating Activities</b>	<b>1,018,950</b>	<b>3,112,507</b>

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

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

**14. 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; etc.

**b) Related party transactions**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	2,000,000	2,300,000
Transfers To Related Parties	4,000,000	5,470,000

**c) Due from related parties**

FY 2022/2023	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Due From County Government	2,155,586	3,170,000
<b>Total</b>	<b>2,155,586</b>	<b>3,170,000</b>



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

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

**15. Financial risk management**

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

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

**a) Credit risk**

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	94,527,979	72,065,268	22,462,712	-
Receivables From Non-Exchange Transactions	2,155,586	2,155,586	-	-
Bank Balances	24,759,013	24,759,013	-	-
<b>Total</b>	<b>121,442,578</b>	<b>98,979,867</b>	<b>22,462,712</b>	<b>-</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	30,081,547	8,877,232	21,204,315	-
Receivables From Non-Exchange Transactions	3,170,000	3,170,000	-	-
Bank Balances	17,549,544	17,549,544	-	-
<b>Total</b>	<b>50,801,091</b>	<b>29,596,776</b>	<b>21,204,315</b>	<b>-</b>

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

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

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

The entity has significant concentration of credit risk on amounts due from Nyamira County Government

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
<b>At 30 June 2023</b>				
Trade payables	278,620			278,620
Current portion of borrowings				-
Provisions				-
Employee benefit obligation				-
<b>Total</b>	<b>278,620</b>	-	-	<b>278,620</b>
<b>At 30 June 2022</b>				
Trade payables	440,245			440,245
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>	<b>440,245</b>	-	-	<b>440,245</b>



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

---

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

**c) Market risk**

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

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

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

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

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

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

**d) Capital risk management.**

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

	2022/2023	2021/2022
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	122,500,000	53,826,814
Accumulated surplus (deficit)	(1,336,043)	(3,465,968)
<b>Total funds</b>	<b>121,163,957</b>	<b>50,360,846</b>
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**16. Events after the reporting period**

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

**17. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 on May 30, 2015 under the Ministry of Finance, ICT & Economic Planning. Its ultimate parent is the County Government of Nyamira.

**18. Currency**

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



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

**20. Annexes**

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

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

No.	Issue / Observations from Auditor	Management comments	Status	Timeframe
REPORT ON THE FINANCIAL STATEMENTS				
<b>Basis for Opinion</b>				
1	Consolidation of Financial Statements for the Mortgage Scheme Fund and Car Loan Scheme Fund	Regulation 3 of the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 established <i>Nyamira County Executive Mortgage Scheme Fund</i> and Regulation 3 of the Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 established <i>Nyamira County Executive Car Loan Scheme Fund</i> . The financial statements relate to both the Mortgage Scheme and Car Loan Scheme Fund hence the name of the Fund as <b>Nyamira County Executive Mortgage and Car Loan Scheme Fund</b> .	Resolved	June 2023

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

<b>Key Audit Matters</b>				
1.	Budgetary Control and Performance	The underfunding was as a result of recognition of Fringe benefit tax (that is an obligation of the employer) as an expenditure in the Statement of Financial Performance. The correct treatment of this tax has since been adopted	Resolved	June 2023
2	Unresolved Prior Year Matters	Some of the prior year matters are policy related issues that the Management has since put structures in place and is committed to have the matters resolved as soon as is practically possible.	Not Resolved	June 2024
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
<b>Basis for Conclusion</b>				
1.	<b>Non-Recovery of Loans</b>	The Loans Management Committee through the office of the Honourable County Attorney has instituted loan recovery measures.	Not Resolved	June 2024



Dr CPA Asenath Maobe

**FUND ADMINISTRATOR - NYAMIRA COUNTY EXECUTIVE MORTGAGE & CAR LOAN SCHEME FUND**