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REPORT

OF

THE AUDITOR-GENERAL

ON

**KERICHO COUNTY ASSEMBLY MEMBERS
CAR AND MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**





OFFICE OF THE AUDITOR GENERAL
RECEIVED

★ 09 FEB 2023 ★

P. O. BOX 1188, KISUMU

**KERICHO COUNTY ASSEMBLY MEMBERS CAR LOAN AND
MORTGAGE SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

1. Key Entity Information and Management

a) Background information

Kericho County Assembly Members Car Loan & Mortgage Scheme Fund is established by and derives its authority and accountability from Article 230 of the constitution and section 13 of the Salaries and Remuneration Commission Act, 2011. County Assembly of Kericho has established appropriate regulations to guide the implementation for the benefits to its /members. The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Scheme) Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles

b) Principal Activities

The principal activity of the Fund is to facilitate members of the county assembly acquire and build their residential houses as well as purchase of motor vehicles to facilitate them discharge their mandate effectively.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Ho.Hezron Ng'etich	Chairperson
2	Hon.Nancy Kimeto	Vice Chair
3	Mr.Martin Epus	Secretary
4	Hon.Benard Mutai	Member
5	Hon. Gilbert Ng'etich	Member
6	Hon.HumpreyKirui	Member
7	Mrs.Sharon Mibey	Member
8	Mr.Aggrey Kirui	Member
9	Mr.Josphat Mibei	Secretariat
10	Mrs.Rose Chelangat	Fund Accountant

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

d) Key Management

Ref	Name	Position
1	Mr.Martin Epus	Clerk to the County Assembly of Kericho
2	Mrs.Sharon Mibey	Deputy Clerk
3	Mr.Aggrey Kirui	Principle Finance Officer
4	Mr.Josphat Mibei	Accountant
5	Mrs.Rose Chelangat	Senior Accountant

e) Registered Offices

Kericho County Assembly Headquarters
P.O.BOX 1526-20180
Kericho,
KENYA.

f)Fund Contacts

Telephone:(254) 745169000
Website: www.assembly.kericho.go.ke

g)Fund Bankers

Family Bank Limited
P.O. Box 74145-00200,
Nairobi, Kenya

h)Independent Auditors

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






Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

h) Principal Legal Adviser






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

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

2. The Board of Trustees






	Details of qualifications and experience
	<p>Hon. Hezron Ng'etich is the Chairperson of the Board. He is the elected Member of County Assembly representing Chilchila Ward and the Majority Leader of the County Assembly. Hon. Hezron holds a Bachelors Degree in Project Management and a Diploma in Civil engineering.</p>
	<p>Hon. Nancy Langat is the Vice Chairperson of the Board. She is the elected Member of County Assembly representing Tebesonik Ward and the Vice Chairperson of Public Accounts and Investment Committee. She holds a Masters and Bachelors Degree in Finance and Accounting. She was the internal Auditor for KEWASCO before being elected.</p>
	<p>Hon. Benard Mutai is a Member of the Board and the elected Member of County Assembly representing Kipchimchim Ward and a member of the County Assembly Service Board. Hon. Mutai has a Diploma in Land Survey. He is an approved land surveyor.</p>
	<p>Hon. Gilbert Ng'etich is a Member of the Board and the elected Member of County Assembly representing Kisiara Ward. He is also the Chief Whip of the County Assembly. Hon. Gilbert holds a Diploma in Human resource and a CPA part I. He was the Chief Clerk for KTDA before being elected.</p>
	<p>Hon. Humphrey Kirui is a Member of the Board. He is the elected Member of County Assembly representing Kapsuser Ward and the Vice Chairperson of Youth, Culture and Social Services. Hon. Humphrey has Diploma in Accounting and CPA Part I. He was a Lab Technician at Abchy Malik (SBI) Company before he was elected.</p>

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

	<p>Mr. Martin Epus is the Secretary of the Board and also the Clerk to the County Assembly. He was born in 1971. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Board and also the Deputy Clerk to the County Assembly. She was born on 23/05/1987. Sharon holds LLB (Bachelors Degree in Law) as well as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Board and also the Principal Finance Officer of the County Assembly. He was born on 10/04/1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
	<p>Mr. Josphat Mibei is a Member of the Board and an Accountant of the County Assembly. He was born on 01/10/1987. He is a holder of Bachelors degree in business administration, CPA Final and a member of institute of Certified Public Accountant of Kenya (ICPAK).</p>
	<p>Ms. Rose Chelangat is the Fund Accountant and also head of Accounts in the Assembly. She was born on 21/04/1980. She holds Bachelors degree of commerce (Accounting option), CPA Final and a member of Institute of Certified Public Accountant of Kenya (ICPAK).</p>

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

3. Management Team

Name	Details of qualifications and experience
	<p>Mr. Martin Epus is the Secretary of the Board and also the Clerk to the County Assembly. He was born in 1971. Mr. Epus holds a Master of Business Administration, Bachelors degree in Arts, Post Graduate Diploma in HRM, CPS final and a member of institute of Certified Public Secretaries of Kenya (ICPSK).</p>
	<p>Ms. Sharon Mibey is a Member of the Board and also the Deputy Clerk to the County Assembly. She was born on 23/05/1987. Sharon holds LLB (Bachelors Degree in Law) as wells as post graduate Diploma from the Kenya School of Law.</p>
	<p>Mr. Aggrey Kirui is a Member of the Board and also the Principal Finance Officer of the County Assembly. He was born on 10/04/1972. Aggrey holds a Master Degree of Commerce, Bachelors Degree in Commerce (Accounts and Auditing) and a Diploma in computer Applications.</p>
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***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

4. Board/Fund Chairperson's Report

The Kericho County Assembly Members Car Loan and Mortgage scheme Fund is established under the Kericho County Assembly Members Car loan and Mortgage Fund Scheme Regulations, 2014. The administration of the fund is done by Family Bank Limited.

The Fund Board comprises of a team of Members of the County Assembly and the Secretariat as board members playing different roles and in the sub committees of the board to help in administering the fund. The chairperson of the board is the Leader of Majority of the County Assembly.

The Kericho County Assembly Members Car loan and mortgage scheme Fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn this has translated to better performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county assembly, The Speaker and two members of the County Assembly Service Board.

The fund is expected to grow significantly and benefit the members immeasurably. The members will benefit greatly on the car loans and mortgages schemes since the interest is low and can discourage members of the scheme from borrowing loans from other financial institutions whose interest rates are exorbitant.

The Kericho County assembly members Car loans and Mortgage Scheme Fund Board commits to management the fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

The fund is well managed by the bank and all repayments are put in a fixed deposit so as to earn interest. In this case, the fund is earning the 3% interest as well as interest on fixed deposits thus giving value for money. The members who have benefited from it are happy to have enabled them to get land and build their own houses as well as acquiring motor vehicles hence facilitating the implementation of their mandate.

Signed:  _____

HON. HEZRON KIPNGENO NGETICH

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

5. Report of The Fund Administrator

The Kericho County Assembly Car Loan and Mortgage scheme Fund is established under the department of Finance and Economic Planning. The administration of the fund is done by Family bank which was sourced competitively.

However, there is a management board which comprises of a team of Members of the County Assembly and the Secretariat as board members playing different roles and in the sub committees of the board. The chairperson of the board remains the Leader of Majority of the County Assembly and the Secretary of the Fund is the clerk of the County Assembly.

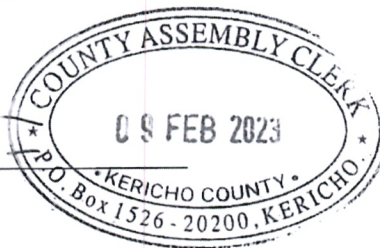
The Kericho County Assembly Members Car loan and mortgage scheme fund has over the years benefitted the members in the acquisition of cars to improve mobility and in the housing for decent living. In turn this is expected to translate to performance in their core mandates. The total beneficiaries of the car loan and mortgage are 47 members of the county Assembly, The Speaker and two members of the County Assembly Service Board.

The fund is expected to grow significantly and benefit the members immeasurably since the interest is low and can discourage members of the scheme from borrowing loans from other financial institutions.

The Kericho County assembly Members Car loans and Mortgage scheme Fund Board commits to administering the fund for the benefit of its members and for overall achievement and realization of the objectives of the County Assembly.

There has been no reported case of corruption or conflict of interest as the fund is managed in the most transparent manner.

Signed: _____



MARTIN EPUS PATRICK

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

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

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

The key strategic objectives of the County Assembly are as follows:

1. To enhance Knowledge and Expertise of MEMBERS for effective representation, legislation, oversight, openness, and accountability;
2. To Improve County Assembly Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;
3. To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;
4. To strengthen County Assembly’s Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;
5. To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.
6. **Progress on attainment of Strategic development objectives (*Adopted from Kericho County assembly*).**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Formation of the Car loan and mortgage board	To Improve County Assembly Legislative, Administrative and Infrastructural Support Services to enable Members to legislate and perform oversight function more effectively resulting in better utilization of public sector resources;	Improved oversight and administration of the Car loan and mortgage	Members appointed	Functional Car Loan and Mortgage Scheme Fund Board
Capacity Building for	To build adequate Institutional capacity	Increased efficiency in	Number of trainings	Car loan and mortgage fund

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

Car Loans and mortgage fund Board	to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;	administration of car loan and mortgage scheme		board members capacity enhanced
Consultative forums with like-minded industry players	To strengthen County Assembly's Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;	Increased awareness on fund administration challenges	Number of engagements with fund managers	Best practices from similar schemes/ industry replicated
Adherence to Controller of budget and national treasury requirements on requisitions	To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.	Continuous cash flows of the county assembly	Number of requisitions made	Funds availed to County Assembly Members

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7. Corporate Governance Statement

Kericho County Assembly Mortgage Board held meetings to deliberate on issues concerning the fund. The number of meetings should not exceed twelve in a year. The required quorum must be at least two-third at the beginning of each meeting.

Members of the board should be trained on Public Finance Management Act and also regulations that guide issuance of the fund to potential beneficiaries.

Incase there is conflict of interest on a member of the board, such a member should declare his interest and will be exempted to attend that meeting where his contribution will create conflict of interest. Failure to declare such interest is a criminal offence.

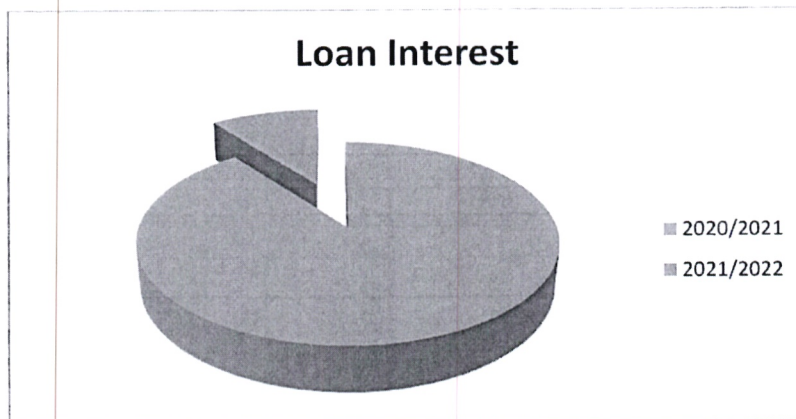
***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

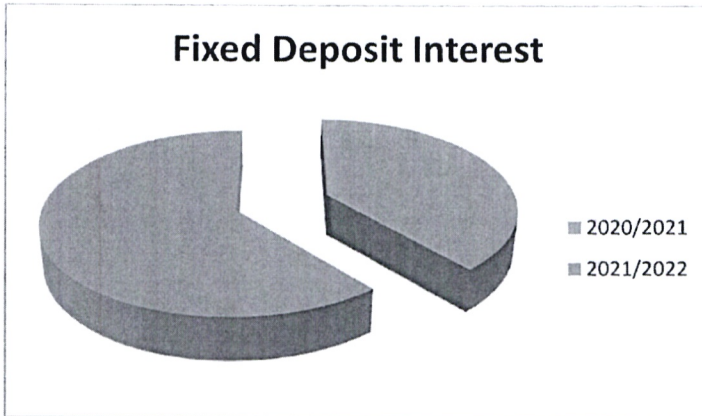
8. Management Discussion and Analysis

This is the Financial Statement for Kericho County Assembly Car Loan and Mortgage Scheme Fund for the financial period ended 30th June, 2022. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds on the expenditure incurred by the Kericho County Assembly Members car loan and Mortgage Scheme Fund provision.

The guiding regulations are the Kericho County Assembly Members Car Loan and Mortgage Scheme Fund regulations of 2014 in line with the Salary and Remunerations Commission. The Fund Administrator is Family Bank Limited and its primary purpose is to advance loans to Member of County Assembly for purchase of motor vehicles and mortgage.

During this financial year 2021/2022 the interest income is Kshs.741,461 which was less than that of the financial 2020/2021 which was Kshs. 6,594,106, the reduction is due to the fact that most of the beneficiaries are almost clearing their loans. Furthermore there was an increase of fixed deposit interest from Kshs.4,321,126 to Kshs 6,825,750, because more funds were fixed in the financial year 2021/2022 as illustrated by the pie chats as below;





**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

9. Report of the trustees/ fund administration committee

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

There have been no changes in the management committee during the year.

Principal activities

The principal activities of the Fund are to facilitate members of the County Assembly to purchase residential houses and to have cars.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1-5

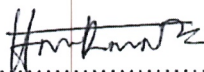
Trustees

The members of the Board of Trustees who served during the year are shown on page vi-vii.

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. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kericho county Assembly Members Car Loan and Mortgage Scheme Fund for the year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date: 09/02/2023

10. 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 Kericho County Assembly Members Car Loan and Mortgage Scheme Fund regulations of 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June, 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kericho County Assembly Members Car Loan and Mortgage Scheme Fund regulations of 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June, 30, 2022 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.

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

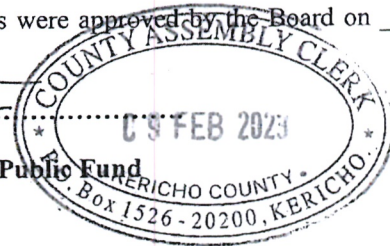
In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator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

Approval of the financial statements

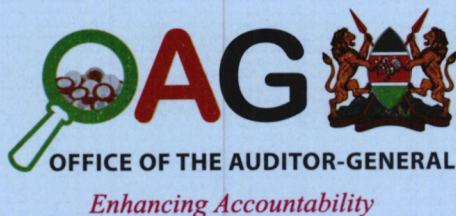
The Fund's financial statements were approved by the Board on _____ 202~~2~~³ and signed on its behalf by:

..... 

Administrator of the County Public Fund



REPUBLIC OF KENYA



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E-mail: 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 KERICHO COUNTY ASSEMBLY MEMBERS CAR AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Assembly Members Car Loan and Mortgage Scheme Fund set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of

Report of the Auditor-General on Kericho County Assembly Members Car and Mortgage Scheme Fund for the year ended 30 June, 2022

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 Kericho County Assembly Members Car and Mortgage Scheme Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kericho County Assembly Members Car Loan and Mortgage Scheme Fund Regulations, 2014.

Basis for Qualified Opinion

1. Unsupported Balances

The financial statements submitted for audit reflected balances which were not supported as detailed below;

1.1 Interest Income on Loans

The statement of financial performance reflects an amount of Kshs.741,461 from interest income from car and mortgage loans. However, the workings provided on the interest income showed that interest amounting to Kshs.260,339 was earned in the month of July, 2021, while only an amount of Kshs.12,613, Kshs.7,344 and Kshs.4,075 was earned in April, 2022, May, 2022 and June, 2022 of the financial year respectively. The basis of the interest recognized interest income was not provided for audit verification.

1.2 Interest Income on Bank Fixed Deposits

The statement of receipts and payments reflects an amount of Kshs.6,084,289 under interest income on fixed deposits. However, the schedule presented for audit in support of income on fixed deposits reflects an amount of Kshs.7,493,444. The resultant variance of Kshs.1,409,155 was not explained or reconciled.

1.3 Expenses

The statement of financial performance reflects an amount of Kshs.247,154 under fund administration expenses and an amount of Kshs.912,643 described as withholding taxes on fixed deposit interests all totalling Kshs.1,159,797. However, the schedules provided on administration expenses and withholding tax on interest on fixed deposits did not disclose the nature of the expenses and how the tax was computed respectively.

In the circumstances, the accuracy and completeness of the interest income and expenses of Kshs.6,825,750 and Kshs.1,159,797 respectively could not be confirmed.

2 Unexplained Variances

Note 9 to the financial statements reflects cash and cash equivalents amount of Kshs.156,175,879, while the statement of financial position and the schedules provided for audit reflect an amount of Kshs.156,154,663 resulting to an unexplained variance of Kshs.21,216.

Further, the statement of cash flows reflects amounts of Kshs.6,773,714, Kshs.225,898 and Kshs.1,016,057 for interest received from fixed deposits accounts, fund administration expenses and withholding taxes, while the statement of financial performance reflects the same balances as Kshs.6,084,289, Kshs.247,154 and Kshs.912,643 respectively. The resultant variances of Kshs.689,425, Kshs.21,256 and Kshs.103,414 were not been explained or reconciled.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed

3 Unsupported Current Portion of Loan

The current portion of long-term receivables from exchange transactions of Kshs.1,312,359 as reflected in the statement of financial position as 30 June, 2022 and Note 10 to the financial statements is a decrease from the previous year's balance of Kshs.50,270,381. The difference of Kshs.48,958,022 although described as principal loan of car and mortgages repayment during the year, was not supported with details of the amount repaid and the persons from whom the loans were recovered.

In the circumstances, the accuracy of the current portion of loans of Kshs.1,312,359 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kericho County Assembly Members Car and Mortgage Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing 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.

Other Matter

Non-Disbursement of Loans

The Fund did not disburse any loans during the year mainly because the term of the County Assembly was coming to an end.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Board of Trustees

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

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

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

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

The Board of Trustees is 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 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

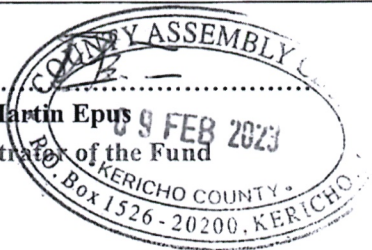
18 April, 2023

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

12. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest income from Car & Mortgage loans	4	741,461	2,632,980
Interest income on bank Fixed deposits		6,084,289	4,321,126
Other Income	5	-	-
Total Revenue		6,825,750	6,954,106
Expenses			
Fund administration fees	7	247,154	877,660
Withholding Taxes on fixed deposit interests	7	912,643	648,169
Total Expenses		(1,159,797)	(1,525,829)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	8	-	-
Surplus/(Deficit) For The Period		5,665,953	5,428,277

Name: **Martin Epus**
Administrator of the Fund



Name: **Rose Chelangat**
Fund Accountant
ICPAK Member Number: 17124






**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

13. Statement of Financial Position As At 30 June 2022

	Note	Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	156,154,663	100,944,636
Current Portion of Long- Term Receivables From Exchange Transactions	10	1,312,359	50,270,381
Prepayments-Fund administration cost	11	-	40
Interest receivables-Fixed deposits interest	10	-	689,425
		157,467,022	151,904,482
Non-Current Assets			
Property, Plant and Equipment	12	-	-
Long Term Receivables from Exchange Transactions	11	-	-
Total Assets		157,467,022	151,904,482
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	13	-	103,414
Employee Benefit Obligations	14	-	-
			103,414
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	14	-	-
Total Liabilities		-	103,414
Net Assets		157,467,022	151,801,068
Revolving Fund		151,801,069	244,372,792
Reserves Drawings(Car Grants)	6	-	(98,000,000)
Surplus		5,665,953	5,428,277
Total Net Assets and Liabilities		157,467,022	151,801,069

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 _____ 2022 and signed by:

.....

 Name: Martin Epus
 Administrator of the Fund

 P.O. Box 1526 - 20200, KERICHO.

.....

 Name: Rose Chelangat
 Fund Accountant
 ICPAK Member Number:21194

.....

 9 FEB 2023
 28, KERICHO

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

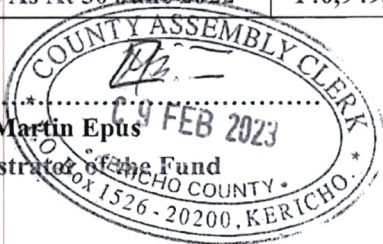
14. Statement Of Changes in Net Assets for the year ended 30th June 2022

Balance As At 1 July 2020	238,949,496	-	5,423,296	244,372,792
Surplus/(Deficit) For the Period	-	-	5,428,277	5,428,277
Funds Received During the Year				
Transfers Drawings (Car Grants)	(98,000,000)	-	-	(98,000,000)
Revaluation Gain	-	-	-	
Balance As At 30 June 2021	140,949,496	-	10,851,573	151,801,069
Balance As At 1 July 2021	140,949,496	-	10,851,573	151,801,069
Surplus/(Deficit) For the Period		-	5,665,953	5,665,953
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	140,949,496	-	16,517,526	157,467,022

Name: Martin Epus

Administrator of the Fund

KERICHO COUNTY
P.O. Box 1526 - 20200, KERICHO



Name: Rose Chelangat

Fund Accountant

ICPAK Member Number: 21194

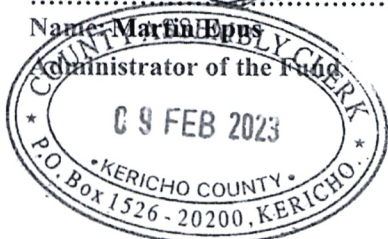


**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

15. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received-2019/2020		-	239,702
Interest received		741,462	2,632,980
Total receipts		741,462	2,872,682
Payments			
Fund administration expenses		-	79,901
Fund administration expenses		225,898	877,700
Withholding taxes		1,016,057	544,755
Car grants		-	98,000,000
Total Payments		(1,241,955)	(99,502,356)
Net cash flows from operating activities		(500,493)	(96,629,674)
Cash flows from investing activities			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities			
Cash flows from financing activities			
Mortgage and Car loan advanced to member of county assembly		-	-
Interest received from fixed deposits accounts		6,773,714	3,631,701
Principal Loan Repayment of Car loan & mortgages		48,958,022	71,230,422
Net cash flows used in financing activities		55,731,736	74,862,123
Net increase/(decrease) in cash & cash Equivalents		55,231,243	(21,767,551)
Cash and cash equivalents at 1 July	9	100,944,636	122,712,188
Cash and cash equivalents at 30 June	9	156,175,879	100,944,636

Name: **Martin Epps**
Administrator of the Fund



Name: **Rose Chelangat**
Fund Accountant
ICPAK Member Number: 21194



Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	741,461	-	741,461	741,461	-	100%
Other income-Fixed deposit interest	6,084,289	-	6,084,289	6,084,289	-	100%
Total Income	6,825,750	-	6,825,750	6,825,750	-	100%
Expenses						
Fund Administration Expenses	247,154	-	247,154	247,154	-	100%
Withholding taxes on fixed deposit interest	912,643	-	912,643	912,643	-	100%
Finance Cost	-	-	-	-	-	
Total Expenditure	(1,159,797)	-	(1,159,797)	(1,159,797)	-	100%
Surplus For The Period	5,665,953	-	5,665,953	5,665,953	-	100%

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

17. Notes to the Financial Statements

1. General Information

Kericho County Assembly Members Car Loan & Mortgage Scheme Fund is established by and derives its authority and accountability from Article 230 of the constitution and section 13 of the Salaries and Remuneration Commission Act, 2011. County Assembly of Kericho has established appropriate regulations to guide the implementation for the benefits to its /members. The Public Finance Management (Kericho County Assembly Members Car Loan and Mortgage Scheme) Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The Fund's principal activity is to facilitate Members of the County Assembly to purchase residential houses and motor vehicles

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

***Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022***

Summary Of Significant Accounting Policies (Continued)

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.

d) Nature and purpose of reserves

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

e) 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 today 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.

f) 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.

Summary Of Significant Accounting Policies (Continued)

g) 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.

h) 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.

i) 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.

j) Comparative figures

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

k) Events after the reporting period

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

l) Ultimate and Holding Entity

The entity is a County Public Fund established by Article 230 of the constitution and section 13 of the Salaries and Remuneration Commission Act, 2011. Its ultimate parent is the County Government of Kericho.

m) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021/2022	2020/2021
	Kenya Shs	Kenya Shs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021/2022	2020/2021
	Kenya Shs	Kenya Shs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2021/2022	2020/2021
	Kenya Shs	Kenya Shs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021/2022	2020/2021
	Kenya Shs	Kenya Shs
Interest income from car & Mortgage loans	741,461	2,632,980
Interest Income From Investments	-	-
Interest income on bank fixed deposits	6,084,289	4,321,126
Total Interest Income	6,825,750	6,954,106

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

5. Other income

Description	2021/22	2020/21
	Kshs.	Kshs.
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Drawings

Description	2021/22	2020/21
	Kshs.	Kshs.
Drawings(Car grants)	-	98,000,000
Intangible Assets	-	-
Total	-	98,000,000

7. Fund administration expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Withholding taxes	912,643	648,169
Fund Administration fees	247,154	877,660
Total	1,159,797	1,525,829

8. Gain/(loss) on disposal of assets

Description	2021/22	2020/21
	Kshs.	Kshs.
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

9. Cash and cash equivalents

	2021-2022	2020-2021
Main Car & mortgage loan account	128,840,702	6,031,426
Car & mort. Interest account	18,006,236	11,456,453
Fixed deposits account	-	78,000,000
Fixed Deposit interest account	9,328,941	5,456,756
Current account		
Others		
Total Cash And Cash Equivalents	156,175,879	100,944,636

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

	Account Number	2021-2022	2020-2021
a) Fixed Deposits Account			
Family Bank	022000032733		16,000,000
Family Bank	022000034071		62,000,000
Sub- Total			78,000,000
b) On - Call Deposits			
Sub- Total			
c) Current Account			
Family bank-Main	022000011142	128,840,701	6,031,426
Family bank-Interest	022000027965	17,985,020	11,456,453
Family bank-Fixed deposit interest	022000030241	9,328,941	5,456,756
Sub- Total		156,154,662	22,944,635
d) Others(Specify)			
Cash In Transit			
Cash In Hand			

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Sub- Total			
Grand Total		156,154,662	100,944,635

10. Receivables from exchange transactions

Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	1,312,359	50,270,381
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	1,312,359	50,270,381
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	1,312,359	50,270,381

Additional disclosure on interest receivable

Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	689,425
Total receivables from exchange transactions	-	689,425
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Prepayments

Prepaid Rent	Prepaid Fund admin cost	-	40
Prepaid Insurance		-	-
Prepaid Electricity Costs		-	-
Other Prepayments		-	-
Total		-	40

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

12. Property, plant and equipment

At 1 st July 2020					
Additions					
Disposals					
Transfers/Adjustments					
At 30 th June 2021					
At 1 st July 2021					
Additions					
Disposals					
Transfer/Adjustments					
At 30 th June 2022					
Depreciation And Impairment					
At 1 st July 2020					
Depreciation					
Impairment					
At 30 th June 2021					
At 1 st July 2021					
Depreciation					
Disposals					
Impairment					

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Transfer/Adjustment					
At 30 th June 2022					
Net Book Values					
At 30 th June 2021					
At 30 th June 2022					

Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

13. Trade and other payables from exchange transactions

Trade Payables	-	-
Withholding tax	-	103,414
Accrued Administration Expenses	21,216	-
Other Payables	-	-
Total Trade And Other Payables	21,216	103,414

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes To The Financial Statements (Continued)

14. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

Other Disclosures

15. 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

	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

**Kericho County Assembly Members Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Other Disclosures Continued

17. 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 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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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 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 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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.

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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	2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-

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Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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18. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
			All issues resolved	