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REPORT

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CLERK AT THE TABLE	Ms. M. Adjibadou

THE AUDITOR-GENERAL

ON

KERICHO COUNTY ASSEMBLY STAFF CAR AND MORTGAGE SCHEME FUND

FOR THE YEAR ENDED 30 JUNE, 2021



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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT 2

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION 5

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES 7

4. MANAGEMENT TEAM 9

5. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT 10

6.REPORT OF THE FUND MANAGER/ ADMINISTRATOR 12

7.CORPORATE GOVERNANCE STATEMENT 14

8.MANAGEMENT DISCUSSION AND ANALYSIS 15

9.REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE 16

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES 17

11. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR STAFF OF COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SHEME FUND 19

12. FINANCIAL STATEMENTS 21

13.NOTES TO THE FINANCIAL STATEMENTS..... 47

14.PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS 59

15.APPENDIX I: INTER-ENTITY TRANSFERS..... 60

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kericho County Assembly Car & Mortgage 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 of its employees. The Public Finance Management (Kericho County Assembly Staff Mortgage Scheme Fund) Regulations, 2016. The Fund is wholly owned by the County Assembly of Kericho and is domiciled in Kenya.

The fund's objective is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

The Fund's principal activity is to facilitate members of staff to purchase residential houses and to have cars

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to motivate public officers and immensely contribute towards attraction and retention of requisite skills in the public service in line with the constitutional principles under Article 230(5) of the constitution.

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairperson	Hon.HezronNg'etich
2	Vice Chair	Hon.NancyKimeto
3	Member	Hon.BenardMutai
4	Member	Hon.GilbertNg'etich
5	Member	Hon.HumphreyKirui
6	Secretary	Mr.MartinEpus
7	Member	Mrs.SharonMibey
8	Member	Mr.AggreyKirui
9	Secretariat	Mr.JosphatMibei

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

d) Key Management

Ref	Position	Name
1	Clerk to the County Assembly of Kericho	Mr.MartinEpus
2	Deputy Clerk	Mrs.SharonMibey
3	Principal Finance Officer	Mr.AggreyKirui
4	Accountant	Mr.JosphatMibei

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Head of Internal Audit	Denis Koros
2	Senior Internal Auditor	Mercy Chepkemoi
3	Senior Internal Auditor	Rose Cheronono

f) Registered Offices

Kericho County Assembly Headquarters

P.O.BOX 1526-20180

Kericho,

KENYA.

g) Fund Contacts

Telephone:(254) 745169000

www.assembly.kericho.go.ke

h) Fund Bankers

Kenya Commercial Bank,

P.O. Box

Nairobi, Kenya

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O.Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office






Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION

Name	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 staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

	<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>
	<p>Mr. Josphat Mibei is a Member of the Board and an Accountant of the County Assembly. 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>

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

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

The key strategic objectives of the County Assembly as borrowed from 2013-2021 plan are as follows:

- a). To enhance Knowledge and Expertise of Members and Staff for effective representation, legislation, oversight, openness, and accountability;
- b). 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;
- c). To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;
- d). To strengthen County Assembly's Representative Capacity through External Linkages and Partnership with Various Stakeholders to Foster Sustainable Development;
- e). To ensure adequate financial resources are available to meet the capital and operational expenditures of the Assembly.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program 1	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 Fund Board

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

Capacity Building for Car Loans and mortgage fund Board	To build adequate Institutional capacity to provide quality, efficient and effective services to the stakeholders and respond adequately to emerging issues;	Increased efficiency in administration of car loan and mortgage scheme	Number of trainings	Car loan and mortgage fund 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 and staff

4. MANAGEMENT TEAM

	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>
	<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 staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

5. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

The Kericho County Assembly Car Loan and Mortgage scheme is established under the Kericho County Car loan and Mortgage Fund Scheme Regulations, 2016. The administration of it is done by a Board known as the Kericho County Assembly Car Loan and Mortgages Fund Board.

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 administer the fund. The chairperson of the board is the Leader of Majority of the County Assembly and the administrator of the Fund is the Clerk of the County Assembly.

The Kericho County Assembly Car loan and mortgage scheme has over the years benefitted both members and staffs 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 69 members of staff.

The fund is expected to grow significantly and benefit both members and staff immeasurably. Younger workforce 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 County assembly Car loans and Mortgage 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.

The staff car and mortgage fund is managed internally by the management team whom I chair.

The fund's performance is generally good as most employees have benefited from the fund except a few who will benefit from it the following financial year. Most employees who got the loans did not get maximum limit as given by the SRC. However top ups are allowed from the remittance for them to complete their projects for the fund to have a meaningful benefit to them.

Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021

The fund is projected to benefit every employee in future so that the objective of the fund is realized. This will be achieved through additional funds from exchequer and also from remittance from those who have got it.

The fund is well managed by the management team. The staffs that have benefited from it are happy to have enabled them to get land and build their own houses. The vision of the management is all staff to benefit from the fund through provident management of funds.

Signed: _____



HON. HEZRON KIPNGENO NGETICH

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

6.REPORT OF THE FUND MANAGER/ ADMINISTRATOR

The Kericho County Assembly Car Loan and Mortgage scheme is established under the department of Finance and Economic Planning. The administration of it is done by a Board known as the Kericho County Assembly Car Loan and Mortgages Fund Board.

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 administer the fund. The chairperson of the board remains the Leader of Majority part of the County Assembly and the administrator of the Fund is the clerk of the County Assembly.

The Kericho County Assembly Car loan and mortgage scheme has over the years benefitted both members and staffs 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 69 members of staff.

The fund is expected to grow significantly and benefit both members and staff immeasurably. Younger workforce 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.

The County assembly Car loans and Mortgage 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.

The fund is generally managed well and it has grown from Ksh.100,830,160 from the previous year to Ksh.103,561,736 at the close of 2019/2021 financial year.

Total administrative expenses paid for the year were Ksh212,520 compared to previous year of ksh.248,790.

During the financial year 2020/2021 the management team had a total of 7meetings. The meetings were basically to analyze the applicants' loan forms and to approve the loan applied.

The management had only one induction and training for members during the period.

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

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



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.

In case 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 amounts to a criminal offence.

8.MANAGEMENT DISCUSSION AND ANALYSIS

This is the Financial Statement for Kericho County Assembly Car Loan and Mortgage Fund for the financial period ended 30th June, 2021. 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 in Staff car loan and Mortgage provision.

The guiding regulations are the Kericho County Assembly Staff Mortgage Scheme Fund regulations of 2016 in line with the Salary and Remunerations Commission. The Fund Administrator is the Clerk to the County Assembly of Kericho and its primary purpose is to advance loans to members of staff for purchase of motor vehicles and mortgage.

The key challenges noted during the period included delay in release of funds by the National Treasury.

Signed: _____



Martin Epus



**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

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, 2021 which show the state of the Fund affairs.

9.1 Principal activities

The principal activities of the Fund is to provide a car loan scheme for the purchase of vehicles as well as purchase, development, renovations or repair of residential property by the members of staff.

9.2 Performance

The results of the Fund for the year ended June 30, 2021 are set out on pages 21-25.

9.3 Trustees

The members of the Board of Trustees who served during the year are shown on page 5 and 6. There were no changes of the board members during the period.

9.4 Auditors

Auditors

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

By Order of the Board.



Member of the Board

Date: _____

30/08/2022

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 Staff 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, 2021. 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 Staff 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, 2021 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 staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

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 _____ 2022 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 STAFF CAR AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

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 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

Opinion

I have audited the accompanying financial statements of Kericho County Assembly Staff Car and Mortgage Scheme Fund set out on pages 21 to 57, which comprise of the

Report of the Auditor-General on Kericho County Assembly Staff Car and Mortgage Scheme Fund for the year ended 30 June, 2021

statement of financial position as at 30 June, 2021, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kericho County Assembly Staff Car and Mortgage Scheme Fund as at 30 June, 2021, 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 (Kericho County Assembly Members Mortgage Fund Act) 2016 and the Public Finance Management Act, 2012.

Basis of Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kericho County Assembly Staff 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 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 matter described in the Basis for conclusion on Lawfulness and Effectiveness in Use of Public Resource 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

Long Term Receivables from exchange transactions

Review of records of the Fund indicated that sixty-nine (69) staff members of the County Assembly were advanced mortgage loans amounting to Kshs.93,877,221. However, only

four (4) staff members had submitted title deeds to the County Assembly Staff Car and Mortgage Scheme Fund as required.

Further, the Fund did not have a charge registered on the property financed through loans granted to the other 65 (sixty-five) staff members. The Fund did not have its name entered in all documents of title for the acquired property making the recoverability of the loans impossible in case of default.

This is contrary to regulation 16(1) of the County Assembly Staff Car and Mortgage Scheme Fund which requires that the committee shall have a lien charge registered on the property financed through a loan granted under the Regulations 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.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 control.

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.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 policies and procedures may deteriorate.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

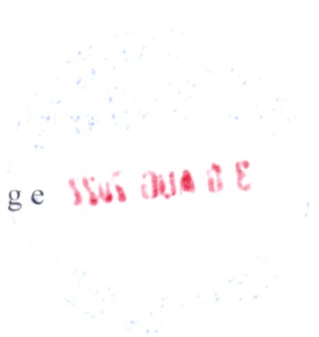
Nairobi

21 September, 2022

12. FINANCIAL STATEMENTS

12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/2021	2019/2020
		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 loans	4	3,020,371	2,368,654
Other income: insurance (contra)	5	1,587,552	2,322,687.66
Bank charges refund	5	-	14,100
Total revenue		4,607,923	4,705,441.66
Expenses			
Fund administration expenses-sitting allowances	6	212,520	248,790
Loan Insurance(contra)	6	1,587,552	2,322,687.66
Bank Charges	6	13,095	22,051
Tax on committee allowances	6	63,180	30,420
Committee training expenses	6	-	38,460
General expenses	7	-	-
Finance cost	8	-	-
Total expenses		1,876,347	2,662,408.66
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		2,731,576	2,043,033
ADD :Surplus b/d			
		2,731,576	2,043,033



**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	10	1,291,197	853,362
Current portion of long- term receivables from exchange transactions	11	8,788,362	10,820,844
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Total Current Assets		10,079,559	11,674,206
Non-current assets			
Long term receivables from exchange transactions	11	93,877,221	89,440,520
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Total Non-Current Assets		93,877,221	89,440,520
Total assets		103,956,780	101,114,726
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	395,044	284,692
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Total Current Liabilities		395,044	284,692
Non-current liabilities			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities		(395,044)	(284,692)
Net assets		103,561,736	100,830,034
EQUITY AND RESERVES			
Revolving Fund		103,561,736	100,830,034
Reserves surplus			
Total net assets and liabilities		103,561,736	100,830,034

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:

Administrator of the Fund

Name: Martin Epus



Fund Accountant
Name: Rose Chlangat

ICPAK M/NO: 21194



Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021

12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	78,000,000	-	787,001	78,787,001
Surplus/(deficit) for the period	-	-	2,043,033	2,043,033
Funds received during the year	20,000,000		-	20,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	98,000,000		2,830,034	100,830,034
Balance as at 1 July 2020	100,830,034	-	-	100,830,034
Surplus/(deficit) for the period	-	-	2,731,576	2,731,576
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	100,830,034		2,731,576	103,561,736

**Kericho County Assembly staff Car loan and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended 30th June, 2021**

12.4 STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cashflows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		3,020,371	2,368,654
Receipts from other operating activities-Bank Refund			14,100
Total Receipts		3,020,371	2,382,754
Payments			
Bank charges		13,095	22,051
Training expenses		-	290,460
Committee sitting allowances		212,520	248,790
Tax on committee sitting allowances		73,320	118,560
Total payments		(298,935)	(679,861)
Net cashflows from operating activities		2,721,436	1,702,893
Cash flows from investing activities			
Purchase of property, plant, and equipment		-	-
Sales proceeds		-	-
Net cashflows used in investing activities			
Cashflows from financing activities			
Insurance premium paid		(1,673,411)	(2,077,926.05)
Total insurance recovered		1,491,512	1,602,036
Transfers from the County Assembly-Treasury		-	20,000,000
Mortgage and Car loan advanced to staff		(10,172,820)	(38,198,687.45)
Principal loan repayments		8,037,118	6,411,931
Refund to operations(Over paid instalments-may 2020)		(20,000)	-
Mortgage loan cash paid		54,000	
Net cashflows used in financing activities		(2,283,601)	(12,262,646.50)
Net increase/(decrease) in cash and cash equivalents		437,835	(10,559,753.50)
Cash and cash equivalents at 1 JULY	10	853,362.5	11,413,116
Cashandcashequivalentsat30 JUNE	10	1,291,197.50	853,362.50

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	
Public contributions and donations					
Transfers from County Govt.					
Interest income-Interest on loans	3,020,371	-	3,020,371	3,020,371	100%
Other income-Loan insurance	1,587,552	-	1,587,552	1,587,552	100%
Total income	4,607,923	-	4,607,923	4,607,923	100%
Expenses					
Fund administration expenses-Sitting allowances	212,520	-	212,520	212,520	100%
Bank Charges	13,095	-	13,095	13,095	100%
Tax on committee allowances	63,180	-	63,180	63,180	100%
Loan insurance	1,587,552	-	1,587,552	1,587,552	100%
Total expenditure	(1,876,347)	-	(1,876,347)	(1,876,347)	100%
Surplus for the period	2,731,576	-	2,731,576	2,731,576	100%

12.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p><i>There was no impact</i></p>
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</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> <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.

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

3. 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.

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 18 June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance .

5. Property, plant and equipment

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

6.Intangible assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

8. Inventories

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

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9.Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

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.

10. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements

11. 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.

12. Employee benefits– Retirement benefit plans

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

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

13.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.

14.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.

15.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/Trustee, the Fund Managers and Fund Accountant.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16.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.. 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.

17.Comparative figures

The comparative figures for the year ended 30th june 2020 has been amended to reflect the true position as follows;

a)loan interest had been understated by ksh.586 which means the true position of loan interest is ksh.2,369,240

b)Included in trade and other payables is an understated insurance payable of ksh.508 which means the true position of total trade and other payables is ksh.285,200.

c)The total loan balances both current and long term had been understated by ksh.633,this means the true position total loan balances is ksh.100,261,997.

d)The total net effect of the above amendments will result to the true position of total revolving fund of ksh.100,830,160.

18.Events after the reporting period

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

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

19.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 .

20.Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

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

22. 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.

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total				
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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.

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (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.

d) 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.

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) 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:

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds		
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

13. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	3,020,371	2,368,654
Interest income from car loans	-	
Interest income from investments	-	
Interest income on bank deposits	-	
Total interest income	3,020,371	2,368,654

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries(contra)	1,587,552	2,322,687
Income from sale of tender documents	-	-
Miscellaneous income – Bank charges refund	-	14,100
Total other income	1,587,552	2,336,787

6.Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Fund administration expenses-sitting allowances	212,520	248,790
Loan Insurance(contra)	1,587,552	2,322,687.66
Bank Charges	13,095	22,050
Tax on committee allowances	63,180	30,420
Committee training expenses	-	38,460
Total expenses	1,876,347	2,662,408.66

6 A. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
7..General expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	-	-

8.Finance costs

Description	2020/2021	2019/2020
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9.Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Car loan and mortgage account- KCB		
Cash in hand-Adjusted Cash book	1,291,197	853,362.5
Fixed deposits account		
On – call deposits		
Current account		
Others- Cash in transit - insurance		
Others- Cash in transit – loan repayments		
Total cash and cash equivalents	1,291,197	853,362.5

Financial institution	Account number	2020/2021	2019/2020
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank			
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank - etc			
Sub- total			
c) Current account			
Kenya Commercial bank	1204187967	1,291,197	853,362.5
Bank B			
Sub- total			
d) Others(specify)			
Cash in transit			
Cash in hand			
Mobile Money			
Sub- total			
Grand total		1,291,197	853,362.5

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable		
Current loan repayments due		
Other exchange debtors	8,788,362	10,820,844
Less: impairment allowance		
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	93,877,221	89,440,520
Total Non- current receivables		
Totalreceivables from exchange transactions	102,665,583	100,261,364

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
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	-	-
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 Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
12.Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County Executive	-	-
Transfer from Car loan & mortgage Fund	-	-
Total receivables from non-exchange transactions	-	-

13.Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14.Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 15. Property, plant and equipment

Cost	Land and Buildings KShs	Motor vehicles KShs	Furniture and fittings KShs	Computers and office equipment KShs	Total KShs
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 30th June 2021	-	-	-	-	-

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021 KShs	2019/2020 KShs
Cost	-	-
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2020/2021 KShs	2019/2020 KShs
Trade payables	395,044	284,692
Refundable deposits		
Accrued expenses		
Other payables		
Total trade and other payables	395,044	284,692

18. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year(1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2021)	-	-	-	-

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2020/2021	2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from organization'	-	-
Sterling Pound denominated loan from organization'	-	-
Euro denominated loan from organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. 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) County Assembly;
- d) Key management;
- e) Board of Trustees;etc

Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b. Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c. Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d. Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e. Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

22. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

**14.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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Kericho County Assembly Staff Car Loan And Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

15. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of xxx County Government				
FY 2020/2021				
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
b.	Development Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	

The above amounts have been communicated to and reconciled with the parent Ministry.

Fund Administrator
Car loan & Mortgage Scheme Fund

Sign 



Deputy Director of Finance
Kericho County Assembly

Sign 