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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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COMMITTEE	_____
CLERK AT THE TABLE	A. Macharia.

REPORT

OF

THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY EXECUTIVE STAFF
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

8 MAR 2022

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KIAMBU COUNTY EXECUTIVE STAFF MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

Kiambu County Executive staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

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Kiambu County Executive Staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

1. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

Kiambu County Executive Staff Fund is established by and derives its authority and accountability from Public Finance Management (*Kiambu County Executive Staff Mortgage Scheme Fund*) Regulations, 2016. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of a residential property by the member of the scheme.

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

a) Principal Activities

The principal activity/mission/ mandate of the Fund is to:

- consider and approve all applications for a mortgage loan
- approve all housing development and financial proposals related to the fund.
- approve the criteria for the disbursement of funds
- perform other duties as may be directed by the county executive committee member for the proper management of the fund.

b) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	County Secretary	Dr Martin Njogu Mbugua
2	Member- County Public Service Board	Aquiline Njoki
3	Chief Officer- Finance and Economic Planning	William Kimani
4	Chief officer- lands Housing & physical planning	James Ndungu
5	Director- Human Resource Management	Stephen T Mwangi
6	Fund Administrator	Jacob Macharia

Kiambu County Executive Staff Mortgage Scheme Fund
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c) Key Management

Ref	Name	Position
1	Dr Martin Njogu Mbugua	County Secretary
2	Aquiline Njoki	Member- County Public Service Board
3	William Kimani	Chief Officer- Finance and Economic Planning
4	James Ndungu	Chief officer- lands Housing & physical planning
5	Stephen T Mwangi	Director- Human Resource Management
6	Jacob Macharia	Fund Administrator

d) Fiduciary Oversight Arrangements

County Executive Mortgage fund fiduciary oversight arrangements are undertaken by the County Internal Audit Unit and the County Public Accounts and Public Investment Committees.

Internal Audit Function

The County's internal audit function is executed by directorate of Internal Audit. The directorate provide independent assurance on the County's risk management policies, governance and internal control processes including the County Executive Mortgage fund. During the year, there was internal audit undertake to assess the internal controls in the financial arrangements within the fund.

County Public Accounts Committee and County Public Investment Committee

The PAC and PIC has the crucial responsibility of checking and overseeing County Government expenditure as well as investment in the County including the County Executive Mortgage fund.

e) Registered Offices

P.O. Box 2344-00900
County Headquarter Offices
Kiambu Nairobi Highway
Kiambu, KENYA

f) Fund Contacts

Telephone: (254)-0709877000
mail:info@kiambu.go.ke
Website: www.kiambu.go.ke

g) FundBankers

1. Family Bank
Account No. 001000040515
Account No. 001000040516
Kiambu Branch
Kiambu, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

Kiambu County Executive Staff Mortgage Scheme Fund
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For the year ended June 30, 2021

2. THE FUND ADMINISTRATION COMMITTEE

Below we present the details of the fund administration Committee during the period under reporting.

Name	Details of qualifications and experience
 Dr Martin Njogu Mbugua	Date of Birth May 15, 1968 PHD Researcher and lecturer Over 20 years' experience County Secretary
 Aquiline Njoki	Date of Birth 08.08.1969 County Public Service Board Member Over ten years' experience Member to the County Public Service Board
 William Kimani	Date of Birth 25.08.1977 Chief Officer Finance Over 15 years' experience Chief Officer Finance and Economic planning
 James Ndungu	Date of Birth 1982 Planner Over 10 years' experience Chief Officer Lands, Housing and physical planning
 Stephen ThenyaMwangi	Date of Birth 03.09.1966 Human resource management Over 20 years' experience Director human resource
 Jacob Macharia	Date of Birth 07.12.1982 Accountant Over 10 years' experience Fund administrator

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'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 objectives of the Kiambu County Executive Mortgage fund is to facilitate mortgage to executive officers in the County so as to ensure that staff have access to affordable housing.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Mortgage	To support Executive staff in access to mortgage facility	Increased number of staff under the mortgage facility	% of officers motivated to work with the County benefitting from access to Mortgage facility	In FY 20/21 we have continued to ensure the revolving fund is operational by following deducting repayment and issuing out mortgage loans to deserving executive staffs

**Kiambu County Executive Staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021**

4. THE MANAGEMENT TEAM

Below we present the details of the Management Team during the period under reporting.

Name	Details of qualifications and experience
 Dr Martin Njogu Mbugua	Date of Birth May 15, 1968 PHD Researcher and lecturer Over 20 years' experience County Secretary
 Aquiline Njoki	Date of Birth 08.08.1969 County Public Service Board Member Over ten years' experience Member to the County Public Service Board
 William Kimani	Date of Birth 25.08.1977 Chief Officer Finance Over 15 years' experience Chief Officer Finance and Economic planning
 Jacob Macharia	Date of Birth 07.12.1982 Accountant Over 10 years' experience Fund administrator
 James Ndungu	Date of Birth 1982 Planner Over 10 years' experience Chief Officer Lands, Housing and physical planning
 Stephen ThenyaMwangi	Date of Birth 03.09.1966 Human resource management Over 20 years' experience Director human resource

5. BOARD / FUND CHAIRPERSON'S REPORT

It is my pleasure to present to you the financial statements of the Kiambu County Executive Staff Fund. The Fund is established by and derives its authority and accountability from Public Finance Management (*Kiambu County Executive Staff Mortgage Scheme Fund*) Regulations, 2016.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of a residential property by the member of the scheme.

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

Changes in the Fund during the year

There were no changes in the management of the fund during the year but in the previous the chief officer finance and economic planning and secretary to the County public service board were replaced.

Current Year Performance

The fund did not disburse funds in the financial year but in the previous financial year a total of Ksh 12.4M was disbursed. The fund wish in the near future to disburse loans to a big number of county executive staff in order to improve lives and livelihoods of its workforce.

Implementation challenges

The fund has faced myriad of challenges in implementation of the fund namely: The revolving fund kitty is not big enough to support the entire county. It has so far supported only the Executive members who have had political interferences challenges as a result of the impeachment of the second governor of the Kiambu County. This has affected the loan servicing as its principal operation was on the basis of deduction of repayment through the salary check off. As unprecedented event with no documented approach the fund faces challenge of default of the previously advanced mortgage funds.

Value for Money and Future Outlook

The fund has started issuing mortgage loans to county executive committee members and finally roll out to other county staff in the near future. This will boost morale of staff while at the same time aimed at attaining value for money. The performance of the fund in future is expected to get better and serve a bigger number of staffs with increased allocation of funds to the mortgage fund.

Signed: _____



Wilson Mburu Kangethe

CECM FINANCE AND ECONOMIC PLANNING

6. REPORT OF THE FUND ADMINISTRATOR

Kiambu County Executive Staff Fund is established by and derives its authority and accountability from Public Finance Management (*Kiambu County Executive Staff Mortgage Scheme Fund*) Regulations, 2016. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of a residential property by the member of the scheme.

The Fund's principal activity is to provide loans to members of staff for purchase, development, renovation or repair of a residential property.

The funds main mandate include:

- consider and approve all applications for a mortgage loan
- approve all housing development and financial proposals related to the fund.
- approve the criteria for the disbursement of funds
- perform other duties as may be directed by the county executive committee member for the proper management of the fund.

There were few changes in the management of the fund during the financial year 2019/20.

The fund did not disburse funds in the current financial year. A total of Ksh 12.4M was issued in the previous financial year and the loans are performing normally. The fund wish in the near future to disburse loans to a big number of county executive staff in order to improve lives and livelihoods of its workforce.

The fund has started issuing mortgage loans to county executive committee members and finally roll out to other county staff in the near future

Signed:  _____

CPA Jacob Mwachia

7. CORPORATE GOVERNANCE STATEMENT

Currently the fund does not have board of trustees and thus there is no corporate governance structure a part from the existing structure of the County Executive of Kiambu.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The committee usually holds management and advisory committees when need arises to review various requests by members of staff.

Upon approval of various requests and depending on availability of funds the financial institution tasked with the process of issuing Mortgage loans evaluates the ability to pay of various applicants and process the requests accordingly.

During the financial year under review, the fund did not disburse any funds. The fund complies with the Public Finance Management Act 2012 and Kiambu County Executive Staff Mortgage Scheme Fund regulations 2016.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The fund didn't undertake any Corporate Social Responsibility in the period under review.

10. REPORT OF THE TRUSTEES

The fund currently does not have board of trustees but its run by the management team.

11. 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 *(The public Finance Management Act 2012 and Kiambu County Executive staff mortgage scheme fund regulations, 2016)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(Kiambu County Executive staff mortgage scheme fund regulations, 2016)*. 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.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30/06/ 2021 and signed on its behalf by:



Administrator of the County Public Fund

12. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR KIAMBU COUNTY EXECUTIVE STAFF MORTGAGE SCHEME FUND

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 KIAMBU COUNTY EXECUTIVE STAFF 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

Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Executive Staff Mortgage Scheme Fund set out on pages 16 to 42, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

Report of the Auditor-General on Kiambu County Executive Staff Mortgage Scheme Fund for the year ended 30 June, 2021

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Executive Staff 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 Act, 2012 and Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016.

Basis for Qualified Opinion

Long Term Receivables

The statement of financial position reflects long term receivables balance of Kshs.30,406,226. However, a detailed listing of the receivables showing all the individuals with outstanding loans, their outstanding balances and status of the loan repayments (loan register) was not provided for audit verification. Further, the financial statements of County Executive of Kiambu reflects pending bills of Kshs.12,500,000 due to the Fund which has not been disclosed as receivable.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.30,406,226 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu County Executive Staff 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.

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 Resources section of my report, I confirm that,

nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-performing Loans

The statement of financial position reflects long term receivables balance of Kshs.30,406,226 which include loans totaling to Kshs.18,117,939 advanced to two staff members who are no longer employees of the County Executive of Kiambu. No effort seems to be made to recover the loans contrary to Regulation 19(4) of Public Finance Management (Kiambu County Executive Staff Mortgage Scheme Fund) Regulations, 2016 which stipulates that where a borrower leaves service on dispensary grounds before serving for the contract period, the committee may grant the borrower a maximum period of four months to repay the full outstanding loan or permit the borrower to repay the outstanding loan at the prevailing market rate and such other terms and conditions as committee may from time to time. Where the commercial rate is applicable, and the borrower is in default for a period of four months, the funds may call in the loan and sell the charged property by public auction or private treaty. Further, no specific provision of doubtful dates has been made.

Consequently, the Fund administrator 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 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

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

I communicate with 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

20 July, 2022

Kiambu County Executive Staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

13. FINANCIAL STATEMENTS

13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021

	Note	FY2020 / 2021	FY2019 / 2020
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations		-	-
Transfers from the County Government	1	-	-
Fines, penalties and other levies			
Revenue from exchange transactions			
Interest income	2	1,324,224	1,951,549
Other income		-	-
		-	-
Total revenue		1,324,224	1,951,549
Expenses			
Fund administration expenses	3	1,324,224	1,951,749
Disbursement from the fund	4	-	-
General expenses – bank charges	5	10,800	14,880
Finance costs		-	-
Total expenses		1,335,024	1,966,629
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit)for the period		(10,800)	(15,080)

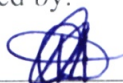
The notes set out on pages 38 to 41 form an integral part of these Financial Statements

Kiambu County Executive staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	6	50,870,459	37,146,678
Loan arrears receivable	7	-	-
Interest receivable	8	-	-
		50,870,459	37,146,678
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
Long term receivables	9	30,406,226	44,768,132
Total assets		81,276,685	81,914,810
Liabilities			
Current liabilities			
Trade payable	10	1,324,224	1,951,549
Ledger fee payable		-	-
Current portion of borrowings		-	-
Prepaid loan instalments	11	-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Amounts lend to borrowers	12	-	-
Total liabilities		1,324,224	1,951,549
Net assets			
Revolving Fund		74,000,000	74,000,000
Reserves		-	-
Accumulated surplus		5,952,461	5,963,261
Total net assets and liabilities		81,276,685	81,914,810

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 30/06/2021 and signed by:



Administrator of the Fund
Name: Jacob Macharia
ICPAK Member Number:16777



Fund Accountant
Name: Eliud Muchiri
ICPAK Member Number:19969

Kiambu County Executive staff Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2021

13.3. 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	74,000,000	-	5,978,341	79,978,341
Surplus/(deficit)for the period	-	-	-15,080	-15,080
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	74,000,000	-	5,963,261	79,963,261
Balance as at 1 July 2020	74,000,000	-	5,963,261	79,963,261
Surplus/(deficit)for the period	-	-	-10,800	-10,800
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	74,000,000	-	5,952,461	79,952,461

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13.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received	13	1,324,224	1,951,549
Receipts from other operating activities			
Total Receipts		1,324,224	1,951,549
Payments			
Fund administration expenses		1,324,224	1,951,749
General expenses bank charges	5	10,800	14,880
Finance cost			
Total Payments		1,335,024	1,966,629
Net cash flows from operating activities		-10,800	-15,080
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from loan principal repayments	14	-	-
Loan disbursements paid out	4	-	-
Net cash flows used in investing activities		-	-
Adjusted for:			
Decrease/(Increase) in Accounts receivable:	15	14,361,906	7,459,683
Increase/(Decrease) in Accounts Payable:	16	-627,325	175,365
		13,734,582	7,635,048
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease)in cash and cash equivalents		13,723,780	7,619,968
Cashandcashequivalentsat1JULY		37,146,679	29,526,711
Cashandcashequivalentsat30 JUNE		50,870,459	37,146,679

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations						
Transfers from County Govt.	-	-	-	-	-	100%
Interest income	-	1,324,224	1,324,224	1,324,224	-	100%
Other income	-	-	-	-	-	
Total income	-	1,324,224	1,324,224	1,324,224	-	100%
Expenses						
Fund administration expenses	-	1,324,224	1,324,224	1,324,224	-	100%
Staff costs	-	-	-	-	-	
General expenses - bank charges	-	10,800	10,800	10,800	-	100%
Loan disbursements	-	-	-	-	-	100%
Total expenditure	-	1,335,024	1,335,024	1,335,024	-	100%
Surplus for the period	-	(10,800)	(10,800)	(10,800)	-	

13.6. 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.

2. Adoption of new and revised standards

1. 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: 1 st 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

<p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p>	<p>There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as</p>
<p>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.</p>	<p>the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.</p>
<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>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p>

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: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Standard	Effective date and impact:
	<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><i>(State the impact of the standard to the entity if relevant)</i></p>
<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><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from</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

Standard	Effective date and impact:
IPSAS 41, Financial	inadvertently omitted when IPSAS 41 was issued.
Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/ 2021.

2. 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.

3. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly. 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.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. 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.

5. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. 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.

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.

7. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. 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.

10. Comparative figures

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

11. Events after the reporting period

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

12. Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act, 2012 (*Kiambu County Executive staff mortgage scheme fund regulations, 2016*) under the Department of Executive. Its ultimate parent is the County Government of Kiambu.

13. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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

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.

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

Provisions

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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 staffs within the approved cadre

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 2021				
Non-Current Receivables	30,406,226	12,288,287	18,117,939	-
Bank balances	50,870,459	50,870,459	-	-
Total	81,276,685	63,158,746	18,117,939	-
At 30 June 2020				
Non-Current Receivables	44,768,132	44,768,132	-	-
Bank balances	37,146,678	37,146,678	-	-
Total	81,914,810	81,914,810	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from the second governor who was impeached.

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.

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	-	1,324,224	-	1,324,224
Total	-	1,324,224	-	1,324,224
At 30 June 2020				
Trade payables	-	1,951,549	-	1,951,549
Total	-	1,951,549	-	1,951,549

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 no transactional currency exposures.

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 has no interest rate risk arising from bank deposits as the interest earned on operation is paid out to the bank as management fees for the fund.

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:

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	74,000,000	74,000,000
Revolving fund	-	-
Accumulated surplus	5,952,461	5,963,261
Total funds	79,952,461	79,963,261
Total liability	-1,324,224	-1,951,549
cash and bank balances	50,870,459	37,146,678
Net debt/(excess cash and cash equivalents)	49,546,235	35,195,129
Gearing	62%	44%

13.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Transfers	-	-
Total	0	0

2. Interest income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest income	1,324,224	1,951,549
Total interest income	1,324,224	1,951,549

3. Fund administration expenses

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Loan processing costs	1,324,224	1,951,549
Professional services costs	-	-
Total	1,324,224	1,951,549

4. Loan disbursements

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Total	0	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Bank charges

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Family bank account no. 001000040515	3,600	7,000
Family bank account no. 001000040516	7,200	7,880
Total	10,800	14,880

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Cash and cash equivalents

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Family bank account no. 001000040515	378,551	382,151
Family bank account no. 001000040516	50,491,908	36,764,527
Total cash and cash equivalents	50,870,459	37,146,678

7. Loan repayment receivable

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current Loan receivable		
Total		

8. Interest Receivable

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Total	-	-

9. Long term loan receivable

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Long term loan receivable	30,406,226	44,768,132
Total	30,406,226	44,768,132

10. Trade payable

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Family Bank (fund administrator)	1,324,224	1,951,549
Total	1,324,224	1,951,549

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11. loan prepayments

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Loan prepayments	-	-
Total	-	-

12. Amounts lend to Borrowers (capital)

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Loans issued	-	-

13. interest received

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest Received	1,324,225	1,951,549

14. Principal Loan Repayments

Proceeds from loan principal repayments

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Loans Repaid	13,734,581	20,034,847

15. Changes in Receivables

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Changes in Receivable	14,361,906	7,459,683

14. Changes in Payable

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Changes in Payables	-627,325	175,365

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13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

The fund was audited in the financial year 2019/20 and draft report was issued and issues raised were responded to. We are awaiting the final report from the auditor general.