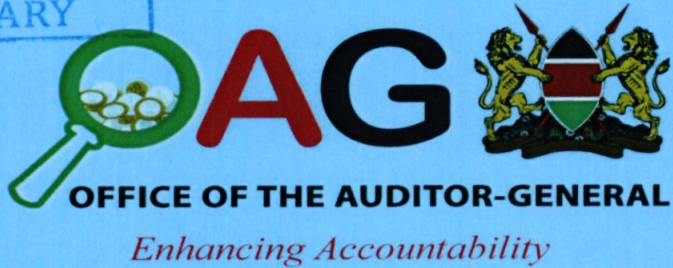


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## REPORT

OF

PAPERS LAID	
DATE	16/10/2022
TABLED BY	Senate Majority Whip
COMMITTEE	
CLERK AT THE TABLE	M. ADJ. BODDU.

**THE AUDITOR-GENERAL**

ON

**NYANDARUA COUNTY EXECUTIVE  
COMMITTEE MEMBERS' CAR LOAN AND  
MORTGAGE SCHEME FUND**

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





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**COUNTY GOVERNMENT OF NYANDARUA  
NYANDARUA COUNTY EXECUTIVE COMMITTEE MEMBERS' CAR LOAN  
AND MORTGAGE SCHEME FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

---

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



*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*

**Reports and Financial Statements**

**For the year ended June 30, 2021**

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*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**1. KEY NYANDARUA COUNTY EXECUTIVE MEMBERS' CAR LOAN AND MORTGAGE SCHEME FUND INFORMATION AND MANAGEMENT**

**a) Background information**

Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act 2012 and it was established on 9th March 2016.

The objective and purpose of the fund is to provide a loan scheme for the purchase of a vehicle and purchase, development, renovation or repair of property by a member of the scheme.

The outcome of the Fund's is to transform the lives and livelihoods of staff by giving them an avenue for affordable loans.

**b) Principal Activities**

Principal activity/mission/ mandate of the Fund is to grant Car and mortgage loans to The Executive Staff members of the County.

**c) Fund Administration Committee**



**Juvenalis Gitau Thiong'o**

**Chief Officer –Finance**

He hold Master's Degree in Business Administration (Finance option), CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager. He has 20 years work experience. He was born on 14th December 1977.



**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements**

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**Ms Teresa K. Njeru**

Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



**Mr. Joseph Wahome**

He is a holder of Master degree in Business Administration, CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as a deputy director finance. He has over 17 years' experience as a senior accountant. He was born on 02/01/1974



**Mr. Nelson Kimilu**

He is a holder of Master degree in Business Administration, and Bachelor Business Administration. He has worked on private sectors as Time Lecturer Maseno University and Kenya Methodist University and Marketing & Public Relation Manager. He has over 17 years. He was born on 25 November 1982



**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements  
For the year ended June 30, 2021**



**Mr. Philip Kingori**

He is a holder of MBS procurement & logistics, and Bachelor degree of arts in supplies. He has 21 years working experience in procurement. He was born On 20th August, 1966

**d) Key Management**



**Ms Teresa K. Njeru**

Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



**Margaret Gachomo  
Fund Accountant,**

She is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.

*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Director Internal Audit	Antony Mutuga Mbogo

**f) Registered Offices**

County Government of Nyandarua

Headquarter Building

P.O. Box 701-20303

Ol Kalou, KENYA

**g) Fund Contacts**

Telephone: (254) 20266859

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

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

**h) Fund Bankers**

1. Family Bank  
Ol kalou Branch  
P.O Box 74145-00200  
Nairobi, Kenya

**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 County Attorney

Nyandarua County Head Quarters

P.O. Box 701-20303

Ol'kalou - Kenya



**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements  
For the year ended June 30, 2021**

**2. FUND ADMINISTRATION COMMITTEE**



**Juvenalis Gitau Thiong'o**  
**Chief Officer –Finance**

He hold Master's Degree in Business Administration (Finance option), CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager. He has 20 years work experience. He was born on 14th December 1977.



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Administrator to the Fund, She is a holder of Master degree in Business Administration, HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



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***Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund***

**Reports and Financial Statements**

**For the year ended June 30, 2021**



**Mr. Nelson Kimilu**

He is a holder of Master degree in Business Administration, and Bachelor Business Administration. He has worked on private sectors as Time Lecturer Maseno University and Kenya Methodist University and Marketing & Public Relation Manager. He has over 17 years. He was born on 25 November 1982



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**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**3. STATEMENT OF PERFORMANCE AGAINST SCHEMES  
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 of the fund shall prepare Financial statements in respect to the fund in formats prescribed by the Public Sector Accounting Standards Board. The Accounting Officer shall include in the financial statements, the funds' performance against predetermined objectives.

The key development objectives of the Fund is to provide a loan scheme for the purchase of a vehicle and purchase, development, renovation or repair of property by a member of the scheme.

**Progress on the attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives;


<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund	The key development objectives of the Fund is to provide a loan scheme for the purchase of a vehicle and purchase, development, renovation or repair of property by a member of the scheme.	Reduced staff turnover Motivated Staff	Staff turnover ratio/rate	As at the 30TH of June, 2021 Kshs. 40,461,973 of the Fund was long term loan repayment due

**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**


**Reports and Financial Statements**

**For the year ended June 30, 2021**

**4. MANAGEMENT TEAM**



**Ms Teresa K. Njeru**  
Administrator to the Fund, She is a holder of Master degree in Business Administration HRM. She has Over 18 years work experience in HR practice in the Government. She was born on 5th February 1957



**Margaret Gachomo**  
**Fund Accountant,**  
She is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.



*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme  
Fund*

**Reports and Financial Statements  
For the year ended June 30, 2021**

**5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

The Nyandarua County Executive Car Loan & Mortgage scheme is established as provided for in section 116(1) of the Public Finance Management Act 2012 and regulations, 2015.

The Fund was established as Revolving Fund with the annual enhancement from the Executive Budget and appropriations by the County Assembly and is based on projected credit needs of the County Executive Committee.

We are confident that the growth will be maintained into the future.



.....  
Mr Juvenalis Gitau Thiong'o  
**Fund Chairman**

Date 5<sup>th</sup> NOV 2021 .....

**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements**

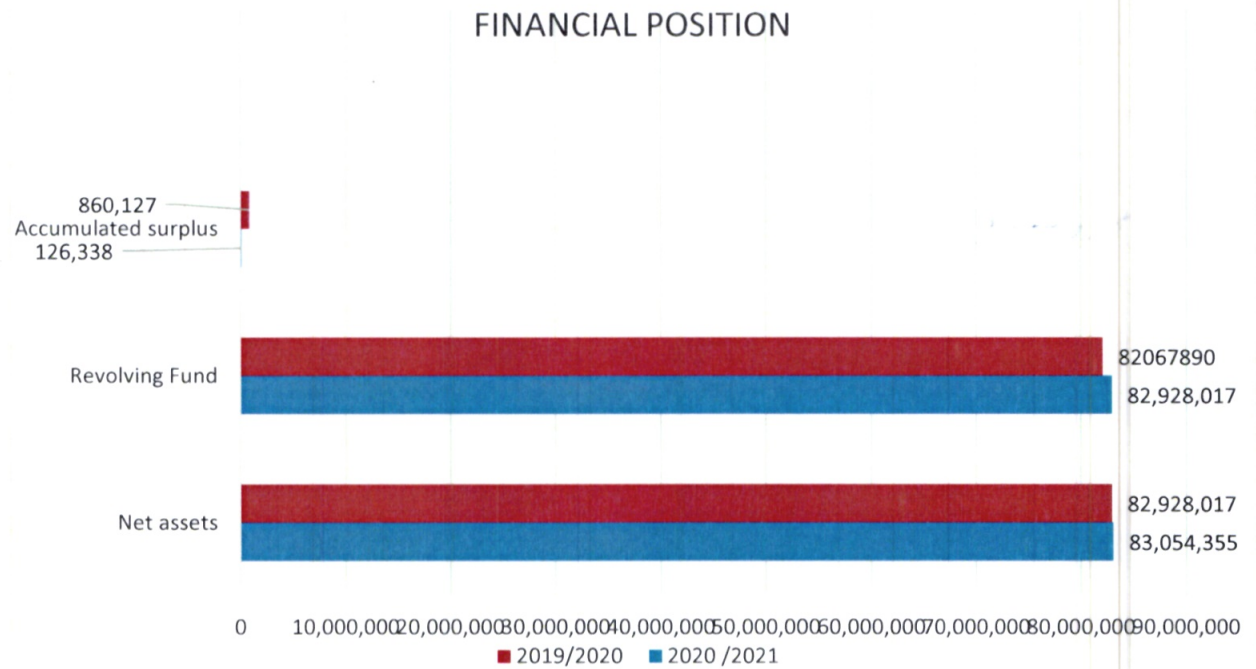
**For the year ended June 30, 2021**

**6. REPORT OF THE FUND ADMINISTRATOR**

Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund had an accumulated Surplus of Kshs. 126,338 as at 30<sup>th</sup> June 2021, while that of Financial year ending 30<sup>th</sup> June 2020 was Ksh. 860,127

The net assets for the Financial Year 30<sup>th</sup> June 2021 amounted to Kshs. **82,054,355** from Kshs. **82,928,017** recorded as at 30<sup>th</sup> June 2020

This is presented in the Chart below.



We are confident that the fund will sustain the impressive performance to the future which is prerequisite in meeting its goals and objectives of providing affordable loan products to the staff.

Teresa K Njeru

Date: 5<sup>th</sup> NOV 2021



*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*

**Reports and Financial Statements**

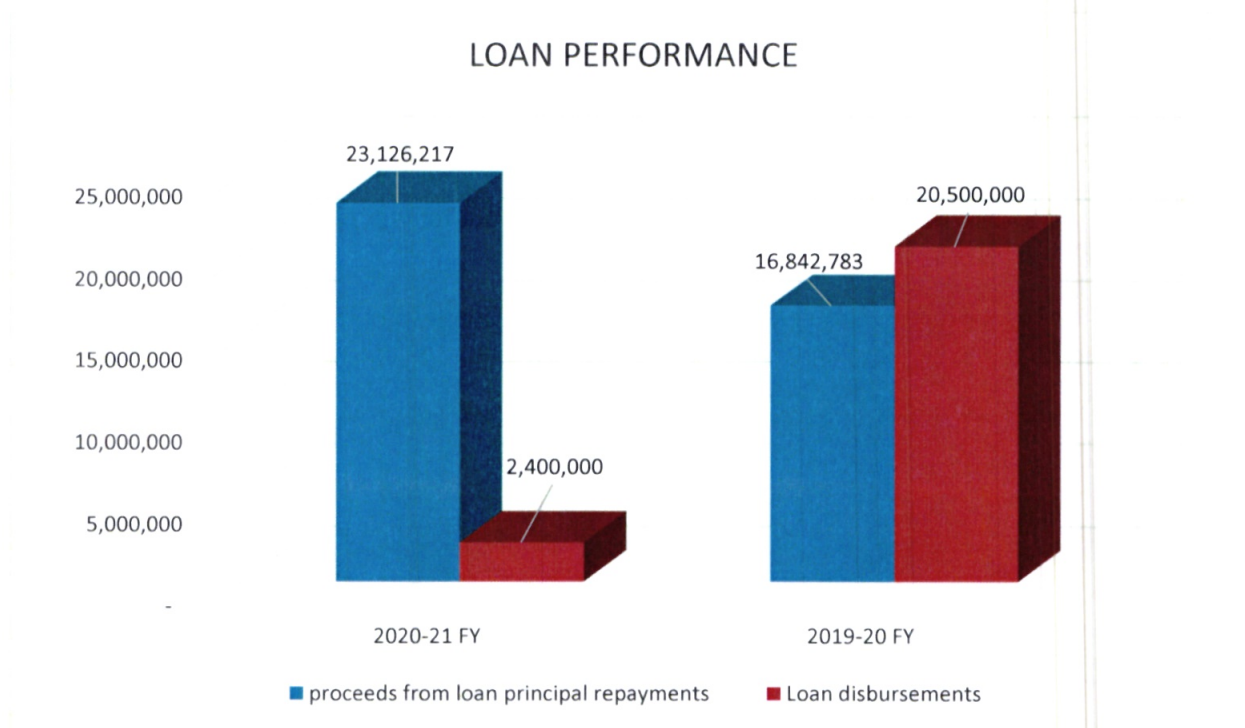
**For the year ended June 30, 2021**

**7. CORPORATE GOVERNANCE STATEMENT**

The roles and functions of the Fund are as stipulated in the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund Act while the remuneration to the Committee is as per the provisions of the Salaries and Remuneration Committee. To enhance integrity in the dispensation of the roles of the Committee, members are to avoid any conflict of interest or declare where is.

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

As at 30<sup>th</sup> June, 2021, proceeds from loan principal repayments were Kshs. **23,126,217** against Kshs. **16,842,783** as at 30<sup>th</sup> June 2020. Loan disbursements paid out to beneficiaries was Kshs. **2.4 Million** with the cash and cash equivalent at Kshs. **21,959,966** against Kshs. **20,500,000** loans disbursed as at 30th June 2020. This has been summarized in the chart below.



The management of the Fund was guided by the PFM Act and regulations and the Act of the Asset on which the Fund is anchored to.

The fund management was guided by the PFM Act and regulations to govern its operations and comply with disbursement policies.



**9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund exists to motivate the County Executive Committee Members to the reduce rate of staff turnover and retain skills in the labour force. Key factors on which the disbursement of the loans is anchored to:

**1. Sustainability strategy and profile -**

The Revolving Fund sustainability is assured through the existence of Fund Managers/Administrators – Family Bank who ensure that the loans taken up by staff act as collaterals whilst the beneficiaries can repay the loan without strain on their financial resources as per the requirement of the 1/3<sup>rd</sup> rule. A proportion of the Income interest is also lumped up with the Fund and marginally contribute to the growth of the Fund.

**2. Employee welfare**

Employee welfare is essential for sustainability in the implementation of County Programmes and projects. Disbursement of the loans at the favourable rates allow for personal development whilst removing hurdles that limit their disposable income.

**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund**

**Reports and Financial Statements  
For the year ended June 30, 2021**

**10. FUND ADMINISTRATION COMMITTEE**

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

**10.1 Principal activities**

The principal activities of the Fund are to disburse Car and Mortgage Loans to the County Executive Committee Members.

**10.2 Performance**

The performance of the Fund for the year ended June 30, 2021, are set out on page 19.

**10.3 Trustees**

The members of the fund Administration who served during the Year are as shown on page 6.

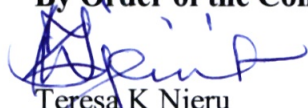
The changes in the committee during the financial year are as shown below:

Chairman	Chairman changed from Muigai Wainaina to Juvenalis Gitau Thiong'o
----------	---

**10.4 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 2012.

**By Order of the Committee:**



Teresa K Njeru  
Fund Administrator

Date: 5<sup>th</sup> NOV 2021



## **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 *Section 116 of the PFM Act, 2012* 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. 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 confirms 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

***Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund***

**Reports and Financial Statements  
For the year ended June 30, 2021**

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 committee on 5<sup>th</sup> NOV 2021 and signed on its behalf by:



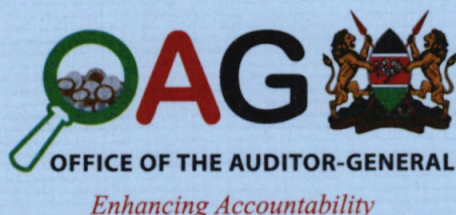
Teresa K Njeru

**Fund Administrator**



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON NYANDARUA COUNTY EXECUTIVE COMMITTEE MEMBERS' CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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 Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund set out on pages 19 to 62,

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*Report of the Auditor-General on Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2021*



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

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of 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 the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2015.

### **Basis for Qualified Opinion**

#### **1. Unsupported Fund Administration Expenses**

The statement of financial performance reflects Fund administration expenses balance of Kshs.310,100 for the year ended 30 June, 2021 and as disclosed in Note 6 to the financial statements. However, the expenditure was not supported by way of committee member names, appointment letters, rate of payment and meeting minutes. Further, the sitting allowances were paid to eleven (11) members instead of five (5) members in breach of Regulation 6(1) of the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2015 which limits the committee membership to five persons.

In the circumstances, the accuracy, completeness and validity of the Fund administration expenses of Kshs.310,100 could not be confirmed.

#### **2. Unsupported Current Portion of Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables balance of Kshs.263,780 as at 30 June, 2021 and as disclosed in Note 11 to the financial statements. However, the balance was not supported by way of a detailed schedule showing opening balances, additions for the year, interest and repayments to arrive at the closing balance for the year.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transaction balance of Kshs.263,780 could not be confirmed.

#### **3. Unsupported Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.40,198,193 as at 30 June, 2021 and as disclosed in Note 11 to the financial statements. However, the balance was not supported by way of a



detailed schedule showing opening balances, additions for the year, interest and repayments to arrive at the closing balance for the year.

In the circumstances, the accuracy and completeness of the long-term receivables from exchange transaction balance of Kshs.40,198,193 could not be confirmed.

#### **4. Irregular Loan Disbursement**

The statement of cash flows reflects loan disbursements paid out of Kshs.2,400,000 for the year ended 30 June, 2021 in respect of a car loan. However, documents provided for audit revealed that the loan was applied to purchase a vehicle from a scheme member who was both the seller and the buyer. In addition, the transaction was not supported by a sale contract or valuation report.

In the circumstances, the validity and completeness of the loan disbursements paid out balance of Kshs.2,400,000 could not be confirmed.

#### **5. Non-performing Loans**

The statement of financial position and as disclosed in Note 11 reflects long-term receivables from exchange transactions balance of Kshs.40,198,193. However, the balance includes Kshs.11,585,281 in respect of loans owed by three (3) scheme members, which were not serviced during the year under review. Management explained that the loans were owed by individuals whose contracts were terminated. However, there was no evidence of efforts made by Management to recover the outstanding loan balances.

In the circumstances, the recoverability and completeness of the loans amount of Kshs.11,585,281 could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget balance of Kshs.500,000 against actual receipts of Kshs.436,678 resulting to a

revenue shortfall of Kshs.63,322. Similarly the Fund spent Kshs.310,340 against an approved budget of Kshs.500,000 resulting to under expenditure of Kshs.189,660 or 38% of the budget.

This is indicative that the Fund operations are not able to generate adequate revenues to sustain its services.

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Non-Maintenance of Ledger Accounting Records**

Records provided for audit reflects that the Fund did not maintain ledger records for assets, liabilities, receipts and expenditure in manual or electronic form. However, only a manual cash book was maintained and therefore, double entry accounting principle was not applied contrary to Regulation 102(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires financial records to be maintained in manual or electronic form. Further, no individual ledger records were maintained in respect of loans issued, interest accrued or principal and interest payments thereby resulting to incomplete records.



In the circumstances, the Fund's financial reporting and operations internal control system was not functioning as intended.

## **2. Failure to Develop a Risk and Fire Management Strategy**

As reported in the previous year, the Fund did not develop a risk and fire management strategy. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that "the Accounting Officer shall ensure that (a) the County Government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the County Government entity develops a system of risk management and internal control that builds robust business operations". Failure to develop a risk management strategy may impair the effectiveness in managing robust business operations of the Fund.

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

## **3. Lack of Justification in Establishment of Multiple Funds**

As reported in the previous year, the loans management committee of both the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund and that of Nyandarua County Civil Servants Car Loan held joint meetings in which the business of the two Funds was transacted. This implies that there is no justification in setting up multiple Funds, as provided by Regulation 197(1)(c) of the Public Finance Management (County Governments) Regulations, 2015 which states that the establishment of a County Public Fund shall at least provide a clear justification as to why a Fund structure is deemed appropriate for improved service delivery in light of the legislative and policy mandate of the county government entity among other requirements. Therefore, there was no justification in the extra cost incurred in running the two Funds as separate entities.

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

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 Fund's effectiveness of internal control, risk management and overall governance.



In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using 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 Fund's 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk Management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that



might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*  
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**13. FINANCIAL STATEMENTS**

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	436,678	1,522,946
Other income	5	-	-
		-	-
<b>Total revenue</b>		<b>436,678</b>	<b>1,522,946</b>
<b>Expenses</b>			
Fund administration expenses	6	310,100	662,459
General expenses	7	240	360
Finance costs	8	-	-
<b>Total expenses</b>		<b>310,340</b>	<b>662,819</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/(deficit) for the period</b>		<b>126,338</b>	<b>860,127</b>

The notes set out on pages 45 to 57 form an integral part of these Financial Statements.

**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund  
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For the year ended June 30, 2021**

**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	11,266,606	21,959,966
Current portion of long- term receivables from exchange transactions	11	263,780	2,332,714
Receivables from Non- exchange transactions	12	31,325,776	-
Prepayments	13	-	-
Inventories	14	-	-
		<b>42,856,162</b>	<b>24,292,680</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions	11	40,198,193	58,635,337
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		<b>40,198,193</b>	<b>58,635,337</b>
<b>Total assets</b>		<b>83,054,355</b>	<b>82,928,017</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	0	0
Provisions	18	0	0
Current portion of borrowings	19	0	0
Employee benefit obligations	20	0	0
		0	0
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	0	0
Non-current employee benefit obligation	20	0	0
<b>Total liabilities</b>		0	0
<b>Net assets</b>		<b>83,054,355</b>	<b>82,928,017</b>
Revolving Fund		82,928,017	82,067,890
Reserves			
Surplus(deficit)		126,338	860,127
<b>Total net assets and liabilities</b>		<b>83,054,355</b>	<b>82,928,017</b>



**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund  
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund financial statements were approved on 5<sup>th</sup> NOV 2021 and signed by:



**Administrator of the Fund**

**Name: Teresa K Njeru**



**Fund Accountant**

**Name: Margaret W Gachomo**

**ICPAK Member No:14009**

**Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund  
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**13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	<b>Revolving Fund</b>	<b>Revaluati on Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2019</b>	82,067,890	-	-	82,067,890
Surplus/(deficit) for the period	-	-	860,127	860,127
Funds received during the year	-	-		
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>82,067,890</b>	-	860,127	<b>82,928,017</b>
<b>Balance as at 1 July 2020</b>	<b>82,928,017</b>	-	-	<b>82,928,017</b>
Surplus/(deficit) for the period	-	-	126,338	126,338
Funds received during the year/Transfer to civil	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>82,928,017</b>	-	<b>126,338</b>	<b>83,054,355</b>



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**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		216,539	1,522,946
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>216,539</b>	<b>1,479,306</b>
<b>Payments</b>			
Fund administration expenses		310,100	658,100
General expenses		240	360
Finance cost		-	-
<b>Total Payments</b>		<b>310,340</b>	<b>658,460</b>
<b>Net cash flows from operating activities</b>		<b>(93,801)</b>	<b>820,306</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		23,126,217	16,842,783
Loan disbursements paid out		(2,400,000)	(20,500,000)
<b>Net cash flows used in investing activities</b>		<b>20,726,217</b>	<b>(3,657,217)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts/transfers to civil		(31,325,776)	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
<b>Net cash flows used in financing activities</b>		<b>(31,325,776)</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,693,360)</b>	<b>-2,836,371</b>
Cash and cash equivalents at 1 JULY 2020	10	21,959,966	24,796,337
<b>Cash and cash equivalents at 30 JUNE 20 21</b>	10	<b>11,266,606</b>	<b>21,959,966</b>

*Nyandarua County Executive Committee Members' Car Loan And Mortgage Scheme Fund*  
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**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>% utilisation</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
<b>Revenue</b>					
Public contributions and donations	-	(-)	-	-	-
Transfers from County Govt.	-	(-)	-	-	-
Interest income	500,000	-	500,000	436,678	87.3%
Other income	-	-	-	-	0%
<b>Total income</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>436,678</b>	<b>87.3%</b>
<b>Expenses</b>					
Fund administration expenses	498,000	-	498,000	310,100	62.2%
General expenses	2,000	-	2,000	240	12%
Finance cost	-	-	-	-	0%
<b>Total expenditure</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>310,340</b>	<b>62.2%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,338</b>	



### **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.

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**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**

<b>standard/ Amendments : Applicable: 1<sup>st</sup> January 2021:</b>	<b>Impact</b>
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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
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	There was no impact



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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><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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



***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 30<sup>th</sup> June 2020. There were no subsequent revisions or additional appropriations made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations are added to the original budget by the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund upon receiving the respective approvals in order to conclude the final budget.

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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

***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**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 has been presented under section 13.5 of these financial statements.

**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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.



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**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund of financial assets is impaired. A financial asset or a Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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

***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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.



***Nyandarua County Executive Committee Members '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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund.

**9. Provisions**

Provisions are recognized when the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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.

***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contingent liabilities**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund does not create and maintains reserves in terms of specific requirements.

**11. Changes in accounting policies and estimates**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund pays fixed contributions into a separate Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund (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.



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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund regards a related party as a person or an Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the Fund Administration Committee, the Fund Managers and Fund Accountant.

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**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. Bank account balances include amounts held 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.

**17. Comparative figures**

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

**18. Events after the reporting period**

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

**19. Ultimate and Holding Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund is a County Public Fund established by PFM Act, 2012 and regulations, 2015. under the Department of Finance. Its ultimate parent is the County Government of Nyandarua.

**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund. 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund
- 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

***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) 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 18.

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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's management based on prior experience and their assessment of the current economic environment.



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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The carrying amount of financial assets recorded in the financial statements representing the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	40,461,973	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>40,461,973</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	58,635,337	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>58,635,337</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund has no significant concentration of credit risk.

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.

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**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's short, medium and long-term funding and liquidity management requirements. The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-



***Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund Reports and Financial Statements For the year ended June 30, 2021.***

**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

**d) Foreign currency risk**

The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The carrying amount of the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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
<b>At 30 June 2021</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>	-	-	-
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
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-



**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Interest rate risk**

Interest rate risk is the risk that the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund'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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2021: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2020 – KShs 0)

**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 Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund capital structure comprises of the following funds:

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund		-
Accumulated surplus	126,338	860,127
<b>Total funds</b>	<b>126,338</b>	<b>860,127</b>
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>



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**14. 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	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations		30,000,000
Payments by County on behalf of the Nyandarua County Executive Members' Car loan And Mortgage Scheme Fund	-	-
<b>Total</b>	-	<b>30,000,000</b>

**3. Fines, penalties and other levies**

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

**4. Interest income**

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from car loan and Mortgage loans	436,678	1,522,946
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>436,678</b>	<b>1,522,946</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Other income**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

**6. Fund administration expenses**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	310,100	662,459
<b>Total</b>	<b>310,100</b>	<b>662,459</b>

**6A. Staff costs**

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



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. General expenses**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Consumables	-	-
Electricity and water	-	-
Fuel and oil costs	-	-
Insurance	-	-
Postage	-	-
Printing and stationary	-	-
Rental cost	-	-
Security cost	-	-
Bank Charges	240	360
Hospitalization/Burial assistance	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
<b>Total</b>	<b>240</b>	<b>360</b>

**8. Finance costs**

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

**9. Gain/(loss) on disposal of assets**

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Cash and cash equivalents**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	11,266,606	21,959,966
Others	-	-
<b>Total cash and cash equivalents</b>	<b>11,266,606</b>	<b>21,959,966</b>

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

<b>Financial institution</b>	<b>Account number</b>	<b>2020/2021</b>	<b>2019/2020</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Family bank	037000009974	11,266,606	21,959,966
Equity Bank			
<b>Sub- total</b>			
<b>d) Others(specify)</b>			
Cash in transit			
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>11,266,606</b>	<b>21,959,966</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Receivables from exchange transactions**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current Receivables</b>		
Interest receivable	263,780	2,332,714
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total Current receivables</b>	<b>263,780</b>	<b>2,332,714</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	40,198,193	58,635,337
<b>Total Non- current receivables</b>	<b>40,198,193</b>	<b>58,968,051</b>
<b>Total receivables from exchange transactions</b>	<b>40,461,973</b>	<b>60,968,051</b>

**Additional disclosure on interest receivable**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	220,140	-
Accrued interest receivable from of long-term loans of previous years	43,640	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>	-	-
Current portion of long-term loans from previous years	38,880,603	-
Accrued principal from long-terms loans from previous periods	11,585,282	-
Current portion of long-term loans issued in the current year	1,317,591	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Receivables from Non-Exchange transaction**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Transfer from County Executive	-	-
Transfer to Nyandarua county civil servant car loan and mortgage schemeFund	31,325,776	-
<b>Total receivables from non-exchange transactions</b>	<b>31,325,776</b>	<b>-</b>

**13. Prepayments**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**14. Inventories**

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



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**15. Property, plant and equipment**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2019	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-

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	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
At 30 <sup>th</sup> June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30 <sup>th</sup> June 2020	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	-	-	-	-



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Intangible assets-software**

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

**17. Trade and other payables from exchange transactions**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**18. Provisions**

<b>Description</b>	<b>Leave provision</b>	<b>Bonus provision</b>	<b>Other provision</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
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	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Borrowings**

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

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

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

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

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



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Employee benefit obligations**

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

**21. Cash generated from operations**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus/ (deficit) for the year before tax</b>	126,338	860,127
<b>Adjusted for:</b>	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(220,139)	(-)
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>(93,801)</b>	<b>860,127</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

**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	-	-
<b>Total</b>	-	-



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**d) Due from related parties**

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

**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	-	-
<b>Total</b>	-	-

**2. Contingent assets and contingent liabilities**

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

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**15. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	The statement of financial position as at 30 June 2020 reflects total net assets and liabilities of Kshs.82, 928,017. However, the statement of changes in net assets as at the same date reflects Kshs.142, 932,376, leading to a variance of Kshs.60, 004,359 which has not been explained. Consequently, the accuracy of the financial statements for the year ended 30 June 2020 could not be confirmed.	Typing error rectified as per the Amended Financial Statement.	Awaiting Certificate	
2.0	The statement of financial performance for the year ended 30 June 2020 reflects interest income of Kshs.1,522,946 as detailed under note 4 to the financial statements. However, the amount earned as interest on car loans has not been disclosed in the financial statements. Further, the Fund charges an interest of 0.5% on loans, contrary to Regulation 15(1) of the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2015 which states that the interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance. Consequently, the accuracy and completeness of the interest income of Kshs.1, 522,946 for the year ended 30 June, 2020 could not be confirmed	The amount earned as interest on car loans has not been disclosed in the financial statements, Error rectified on note 4 Amended Financial Statement. Interest income is the combination of; Interest on car loan & mortgage =220,937 Interest on Fund balance =1,302,009. <b>Total interest =1,522,946</b>	Awaiting Certificate	



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		Further, The fund charges three per centum per annum on a monthly reducing balance as per Regulation 15(1) of the Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund (Amendment) Regulations, 2015 monthly reducing balance. Fund administration agreement between the fund administrator(Family bank)and the Nyandarua county as stipulated in section 5.5 ,2.5% goes to fund administrative(Family bank) and 0.5% is retained in the fund (.See Annex 1 )		
3.0	The statement of financial performance for the year ended 30 June 2020 reflects fund administration expenses of Kshs.662, 459. Out of the amount, expenditure totaling to Kshs.648, 100 (or 98%) was paid as sitting allowances to the loan management committee during six sittings. However, the schedule supporting the expenditure did not specify the dates of the meetings for which the allowances were paid. Further, the schedules for payment had a total of 10 names, which contravenes Regulation 6 (1) of the Nyandarua County Executive Committee Car Loan and Mortgage Fund (Amendment) Regulations, 2015 which states that the membership of the Loans Management committee shall consist of 5 persons, namely, the Chief Officer for Finance (Chairperson), Chief officer Lands, Head of Human Resource, Head of Procurement and an officer gazetted by the CEC for	The schedule for payments comprised number of meetings attended as per the dates specified in the minutes attached, further regulation 2015 stipulate in sec 6 (3)that the committee may co-opt such staff to attend its meetings(see annex iii).	Awaiting Certificate	

**Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund  
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	Finance as the officer administering the fund. Consequently, the occurrence and validity of the expenditure amounting to Kshs.648, 100 in respect of fund administration expenses for the year ended 30 June 2020 could not be confirmed.			
4.0	The statement of cashflows for the year ended 30 June 2020 reflects loan disbursements of Kshs.20,500,000. Out of the amount, Kshs.11,050,000 was disbursed to 2 Nos members for purchase of cars. However, the disbursements were not supported by sale agreements, invoices and motor vehicles records as required by Regulation 11 (1) (d) of the Nyandarua County Executive Committee Car Loan and Mortgage Fund (Amendment) Regulations, 2015 which states that a loan application under these regulations shall be accompanied by a certified copy of the sale agreement relating to the property intended to be purchased.	Under the memorandum of understanding between the Nyandarua county and fund administrator (Family bank) there are terms and conditions of refinancing. The two members were refinanced as per the terms and conditions (See annex...i. pg. 12&13) The two members were refinancing therefore had their cars registered under their names and the same was confirmed with registrar of motor vehicles , independent valuation was done by Auto mobile association of Kenya, The original logbook is retained by Fund Administrator(Family bank )as collateral security .(See Annex ii).	Awaiting Certificate	
1.0 (other matters)	The statement of comparison of budget and actual amounts shows that Nyandarua County Executive Committee Members' Car Loan and Mortgage Scheme Fund had a total expenditure budget of Kshs.662,819 against a total income of Kshs.1,522,946 as summarized below:	Error rectified as per the Amended financial statement.	Awaiting Certificate	



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Details	Approved Budget	Actual Expenditure	Variance
	Kshs.	Kshs.	Kshs.
<b>Total income</b>	1,522,946	1,522,946	Nil
Fund Administration expenses	662,459	662,459	Nil
General expenses	360	360	Nil
<b>Total expenditure</b>	662,819	662,819	Nil
<b>Surplus</b>	<b>816,487</b>	<b>816,487</b>	<b>Nil</b>

However, the nil variance between the budget and actual balances for the income and expenditure balances do not appear realistic.

Consequently, the statement of comparison of budget and actual amounts for the year ended 30 June 2020 did not reflect the actual position of budget execution.

**Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund  
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2.0	<p>The statement of cash flows for the year ended 30 June 2020 reflects loan disbursements paid out of Kshs. 20,500,000. Out of the amount, Kshs. 10,500,000 was disbursed to 3 Nos members for purchase of plot and car. However, a comparison between the net salary and the required monthly repayment instalment revealed ineligibility for the loans due to the one-third rule stipulated in the human resource manual as shown below:</p> <table border="1" data-bbox="318 507 1294 928"> <thead> <tr> <th>Name</th> <th>Type of Loan</th> <th>Loan Amount (Kshs)</th> <th>Basic Salary (Kshs)</th> <th>1/3 of Basic Salary (Kshs)</th> <th>Monthly Loan Repayment (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Rose Wamuya</td> <td>Plot Purchase</td> <td>4,950,000</td> <td>259,875</td> <td>86,625</td> <td>140,434</td> </tr> <tr> <td>Simon Nganga</td> <td>Plot Purchase</td> <td>4,500,000</td> <td>259,875</td> <td>86,625</td> <td>138,423</td> </tr> <tr> <td>Milkah Wanjiru</td> <td>Car Loan</td> <td>1,050,000</td> <td>259,875</td> <td>86,625</td> <td>40,465</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>10,500,000</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name	Type of Loan	Loan Amount (Kshs)	Basic Salary (Kshs)	1/3 of Basic Salary (Kshs)	Monthly Loan Repayment (Kshs)	Rose Wamuya	Plot Purchase	4,950,000	259,875	86,625	140,434	Simon Nganga	Plot Purchase	4,500,000	259,875	86,625	138,423	Milkah Wanjiru	Car Loan	1,050,000	259,875	86,625	40,465		<b>Total</b>	<b>10,500,000</b>				The CEC Members are paid gross pay the computation the officer as per the Kenya gazette, the basic is 60%of gross monthly pay(See annex iv).	Awaiting Certificate	
Name	Type of Loan	Loan Amount (Kshs)	Basic Salary (Kshs)	1/3 of Basic Salary (Kshs)	Monthly Loan Repayment (Kshs)																													
Rose Wamuya	Plot Purchase	4,950,000	259,875	86,625	140,434																													
Simon Nganga	Plot Purchase	4,500,000	259,875	86,625	138,423																													
Milkah Wanjiru	Car Loan	1,050,000	259,875	86,625	40,465																													
	<b>Total</b>	<b>10,500,000</b>																																



**Nyandarua County Executive Committee Members 'Car loan And Mortgage Scheme Fund  
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**16. APPENDIX I: INTER-NYANDARUA COUNTY EXECUTIVE MEMBERS' CAR LOAN AND MORTGAGE SCHEME FUND  
TRANSFERS**

NYANDARUA COUNTY EXECUTIVE MEMBERS' CAR LOAN AND MORTGAGE SCHEME FUND				
Break down of Transfers from the County Executive of xxx County Government				
FY 2020/2021				
a.	Executive car loan & mortgage	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Transfer to Civil	4.8.2020	21,013,482	2020-2021
	Transfer to Civil	26.1.21	10,312,294	2020-2021
		<b>Total</b>	<b>31,325,776</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	NIL	NIL	NIL	NIL
		<b>Total</b>	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	NIL	NIL	NIL	NIL
			-	
		<b>Total</b>	-	

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

Finance Manager

Nyandarua county Executive Members' car loan & mortgage Fund

Sign



Administrator to the Fund at

Nyandarua County Civil Servant car loan & mortgage Fund

Sign

