

REPUBLIC OF KENYA

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REPORT

OF

THE AUDITOR-GENERAL

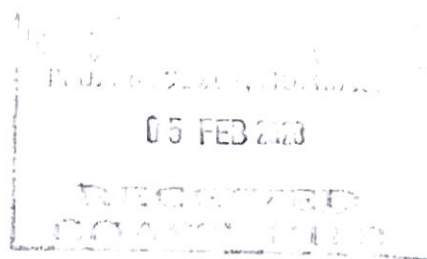
ON

**KILIFI COUNTY ASSEMBLY CAR LOAN
AND MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2017**



KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017



KILIFI COUNTY ASSEMBLY
CAR LOAN AND MORTGAGE SCHEME FUND
CONSOLIDATED ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2017

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

KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

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KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya is headed by the Speaker, who is responsible for the general policy and strategic direction of the County Assembly.

(b) Key Management

The Fund's day-to-day management is under the following key organs:

S/NO	NAME	DESIGNATION
1	Arnold Mkare Jefwa	Clerk
2	Silas Mulewa	Deputy Clerk
3	Patience Pili	Director Legal Services
4	Charles Mapinga	Director Finance
5	Harrison Chizambo	Director Human Resource

(c) Fiduciary Management

The key management personnel who held office during the year ended June 30, 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Accounting Officer	Arnold Mkare Jefwa
2	Committee Secretary	Lilian Ngala

(d) Fiduciary Oversight Arrangements

- The County Assembly has established the Internal Audit Department headed by the Principal Internal Auditor. The main responsibility of the department is to advise the management on the risks involving lose Assembly resources. The department periodically produces reports to the management on the operations of the assembly and recommendations on how to minimise risk.
- The assembly has the Budget & Appropriation committee and the County Public Investment and Accounts Committee. The Budget & appropriation Committee mainly looks at the County Government budget and how the funds are appropriated to different departments. It's the role of the Committee to ensure the budget is prepared adheres to the laws applicable and ensuring efficient and effective use of resources.
- The County Public Investment and Accounts Committee mainly looks at the Audit reports from the Auditor General and recommends action to be taken by the management.

(e) Entity Headquarters

County Assembly Headquarter
P.O. Box 332-80200
Malindi, KENYA.

(f) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank of Kenya
P.o.Box 14 -80109
Mtwapa, Kenya

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

II. FORWARD NOTE BY THE CLERK OF THE COUNTY ASSEMBLY

The Kilifi County Assembly Car and Mortgage Loan fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements

For proper management of the fund, the Kilifi County Assembly Car and Mortgage Loan fund adopted Public Finance Management Regulations 2014 to guide operationalization of the Fund.


The Fund started its operations in 2014 following the gazettelement of the Kilifi County Assembly Car and Mortgage Loan fund regulation 2014. It received an initial amount of Ksh. 270M

The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising there from the County Assembly Committee Members approved and adopted the Staff Loans Policy Paper on 27th March 2014. On 20th August 2014 the Fund Committee Members approved and adopted the guidelines on internal administration of the Car Loan Scheme Funds.

Conclusion

FY 2016/2017 is a good year in general. Good progress is made and the momentum has been created to enable Kilifi County Assembly Car and Mortgage Loan fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in this year.

I take this opportunity to thank the Hon Speaker and Members of County Assembly for their support. I would also want to thank my colleagues, All Heads in charge of other departments who we have worked hand in hand to ensure that Kilifi County Assembly achieves its mission. I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Kilifi County


Fund Administrator

KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

III. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Kilifi County Assembly Car and Mortgage Loan fund Financial Statements for the year ended 30th June 2017. The financial statements present the financial performance of the fund over the past year.

Financial Performance

a) Revenue

In the year ended 30th June, 2017, the fund had projected revenues of consisting of Transfers from Government and interest Receivable. Due to cash flow challenges, the fund couldn't realise the budget.

b) Loans

During the financial year 2016/2017, the fund disbursed K.shs. 2,189,100 additional loans.

c) Cash flows

In the FY 2016/2017, the cash and cash equivalents increased from K.shs 0 .00 as at 30th June 2016 to K.shs 41,750,000 as at 30th June 2017.

d) Conclusion

FY 2016/2017 was a good year in general. Good progress was made and the momentum has been created to enable Kilifi County Assembly Car and Mortgage Loan fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Kilifi County Assembly Car and Mortgage Loan fund achieves its mission.

Signed: _____

Fund Administrator

IV. STATEMENT OF MANAGEMENT RESPONSIBILITIES


The Fund Administrator of the Fund is responsible for the preparation and presentation of the County Assembly's Mortgage scheme Fund financial statements, which give a true and fair view of the state of affairs of the County Assembly Mortgage scheme Fund for the year ended on June 30, 2017. 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 County Assembly; (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 County Assembly Mortgage scheme Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accepts responsibility for the County Assembly Mortgage scheme Fund's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Fund Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of the County Assembly Mortgage scheme Fund's transactions for the year ended June 30, 2017 and of its financial position as at that date. The Funds Administrator further confirms the completeness of the accounting records maintained for the County Assembly Car and Mortgage Loan Fund which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Funds administrator confirms that the Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly Car and Mortgage Loan Fund's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund administrator confirms that the Funds financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

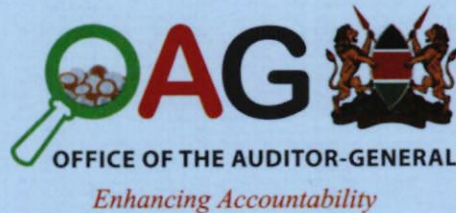
The County Government's financial statements were approved and signed by the Funds Administrator on September 30, 2017.



Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kilifi County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 11, which comprise of the statement of financial position as at 30 June, 2017, statement of financial performance, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation of the Financial Statements

The financial statements for the year ended 30 June, 2017 provided for audit review contained the following anomalies:

- i. The statement of changes in net assets is omitted from the financial statements, contrary to the template issued by the Public Sector Accounting Standards Board.
- ii. The Chairman's Report, Corporate Governance Statement, Corporate Social Responsibility Statement/Sustainability Reporting are omitted from these financial statements, contrary to the template issued by the Public Sector Accounting Standards Board which has a provision for the same.

Consequently, the financial statements presented for audit for the year ended 30 June, 2017 do not comply with International Public Sector Accounting Standard No.1 as prescribed by the Public Sector Accounting Standards Board.

2. Accumulated Surplus

The statement of financial position as at 30 June, 2017 reflects a surplus of Kshs.3,931,426. However, excluded from the figure is accumulated surplus of Kshs.10,283,955 as at 30 June, 2016 resulting to accumulated surplus of Kshs.14,215,381 as summarized below:

Year	Surplus (Kshs.)
2013/2014	587,269
2014/2015	5,765,260
2015/2016	3,931,426
Total as at 30 June, 2016	10,283,955
2016/2017	3,931,426
Total as at 30 June, 2017	14,215,381

Consequently, the accuracy, validity and completeness of accumulated surplus of Kshs.3,931,426 as at 30 June, 2017 could not be confirmed.

3. Interest Income

The statement of financial performance for the year ended 30 June, 2017 reflects interest income of Kshs.3,931,426. However, as previously reported, beneficiaries' loan ledgers and payroll deduction remittances to support the interest amount were not provided for audit review.

As such, the accuracy, validity and completeness of interest income of Kshs.3,931,426 for the year ended 30 June, 2017 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position as at 30 June, 2017 reflects cash and cash equivalents balance of Kshs.41,750,000. However, the bank reconciliation statement was not provided in support of the balance. Further, bank statements and the certificate of bank balance as at 30 June, 2017 were not provided for audit review.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.41,750,000 as 30 June, 2017 could not be ascertained.

5. Current Portion of Long-Term Receivables from Exchange Transactions

As previously reported, the statement of financial position as at 30 June, 2017 reflects current portion of long-term receivables from exchange transactions balance of Kshs.37,595,052(2016: Kshs.37,595,052) which relates to loans and interests owed by Kilifi Members of County Assembly. However, the beneficiaries' payroll deduction remittances were not provided for audit review.

In the circumstances, the accuracy, validity and completeness of current portion of long-term receivables from exchange transactions balance of Kshs.37,595,052 as at 30 June, 2017 could not be confirmed.

6. Long-Term Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2017 reflects long term receivables from exchange transactions balance of Kshs.71,869,382 (2016: Kshs.118,821,448) relating to loans advanced to Members of County Assembly. However, the beneficiaries' payroll deduction remittances were not provided for audit review.

Consequently, the accuracy, validity and completeness of long-term receivables from exchange transactions balance of Kshs.71,869,382 as at 30 June, 2017 could not be ascertained.

7. Proceeds from Loan Principal Repayments

The statement of cash flows for the year ended 30 June, 2017 reflects proceeds from loan principal repayments of Kshs.40,007,674. However, the loan movement schedule provided in support of the balance does not show the dates the loans were advanced. Further, payroll deduction remittances were not provided for audit review.

Consequently, the accuracy and completeness of proceeds from loan principal repayments of Kshs.40,007,674 for the year ended 30 June, 2017 could not be ascertained.

8. Loan Disbursements paid Out

The statement of cash flows for the year ended 30 June, 2017 reflects loans disbursements paid out of Kshs.2,189,100. However, the schedule to show names of borrowers, amounts advanced to each borrower and dates the loans were paid out was not provided in support of the balance.

Consequently, the accuracy and completeness of loan disbursements paid out of Kshs.2,189,100 for the year ended 30 June, 2017 could not be ascertained.

10. Revolving Fund

The statement of financial position as at 30 June, 2017 reflects revolving fund balance of Kshs.147,283,008 which is a reduction of Kshs.122,716,992 from the revolving fund balance of Kshs.270,000,000 as at 1 July, 2015. The fund relates to transfers from Kilifi County Assembly. However, and as previously reported, the Management has not explained how and why the revolving fund has decreased. Further, no explanatory note has been provided for the revolving fund balance in these financial statements.

Consequently, the accuracy, validity and completeness of the revolving fund balance of Kshs.147,283,008 as at 30 June, 2017 could not be confirmed.

11. Late Submission of the Financial Statements for Audit

The financial statements for the year ended 30 June, 2017 were submitted to the Office of the Auditor-General for audit on 27 September, 2019, which is two (2) years after the statutory deadline of 30 September, 2017. This is contrary to Section 47 of the Public

Audit Act, 2015 which states that, 'The financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate'.

The Management was therefore in breach of the Law.

12. Failure to Prepare Separate Financial Statements for Mortgage and Car Loan Funds

The Management did not prepare and submit for audit review separate annual reports and financial statements for Kilifi County Assembly Members Car Loan Fund and Kilifi County Assembly Members Mortgage Fund in line with Regulation 15(1)(d) of the Kilifi County Assembly Members Car Loan Scheme Fund, 2014 and Regulation 18(1)(d) of the Kilifi County Assembly Members Mortgage Scheme Fund, 2014 both of which require the Officer administering the Fund to prepare, sign and submit financial statements relating to the Fund to the Auditor-General every financial year.

The Management was therefore in breach of the Law.

13. Administration of the Fund Agreement

Records and information provided for audit review indicated that a local bank administered the Fund during the year under review. However, the formal agreement between Kilifi County Assembly Service Board and the Bank on the administration of the Fund was not availed for audit review in line with Regulation 7 of Kilifi County Assembly Members Mortgage Scheme Fund, 2014 which allows the County Assembly Service Board to appoint a mortgage institution to administer the Fund on its behalf.

The Management was therefore in breach of the law.

14. Failure to Operate Separate Bank Accounts for the Funds

The Fund did not establish separate bank accounts for Kilifi County Assembly Members Car Loan Fund and Kilifi County Assembly Members Mortgage Scheme Fund but instead treated the two funds as one and operated one bank account for the same. This is contrary to Legal Notice No.1 of 2014 and Legal Notice No. 2 of 2014 which established Kilifi County Assembly Members Car Loan Scheme Fund and Kilifi County Assembly Members Mortgage Scheme Fund respectively with separate Loan Management Committees.

The Management was therefore in breach of the law.

15. Lack of a Risk Management Framework

During the year under review, the Fund did not develop a risk management strategy which would assist in identifying current and emerging risks and reporting the same to senior management for appropriate action for robust business operations. This is contrary to Regulation 158(b) of the Public Finance Management (County Governments Regulations,

2015 which requires an Accounting Officer of a public entity to ensure that the County Government entity develops a system of risk management and internal controls that build robust business operations.

Therefore, the Fund lacks a structured process for identifying and minimizing or addressing potential threats to its operations/business and sustainability of services.

The Management was therefore in breach of the law.

16. Lack of Internal Audit Function and Audit Committee

During the year under review, the Fund did not have an internal audit function and Audit Committee. This is contrary to Regulation 153 of the Public Finance Management (County Governments) Regulations, 2015 on the role of internal auditors which include among other things review and evaluation of effectiveness of financial and non-financial performance, accountability and state of risk management of the entity. Regulation 167(1) requires every county government entity to establish an audit committee to support the accounting officer on issues of risk, control, governance and associated assurance.

Consequently, the Management is in breach of the law.

17. Budgetary Control and Performance

The statement of comparison of budget and actual amounts total revenue budget and actual on comparable basis of Kshs.23,000,000 and Kshs.3,931,426 respectively resulting to an under-funding of Kshs.19,068,574 or 83% of the budget. Similarly, the Fund expended Kshs.2,189,100 against an approved budget of Kshs.23,000,000 resulting to an under expenditure of Kshs.20,810,900 or 90% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to Members of the County Assembly.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion, section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion, section

of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of Fund's 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 services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance

processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kilifi County Assembly 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

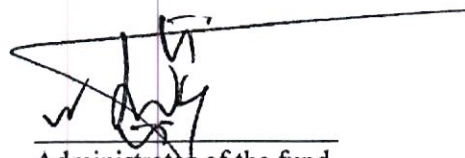
08 October, 2021

KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

VI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2017

	Note	FY2016/2017 KShs	FY2015/2016 KShs
Revenue from exchange transactions			
Interest income	1	3,931,426	3,931,426
Total revenue		<u>3,931,426</u>	<u>3,931,426</u>
Expenses			
Total expenses		<u>-</u>	<u>-</u>
Other gains/losses			
Surplus/(deficit) for the period		<u>3,931,426</u>	<u>3,931,426</u>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 30, 2017 and signed by:



 Administrator of the fund
 Arnold Mkare Jefwa



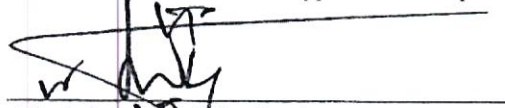
 Fund Accountant

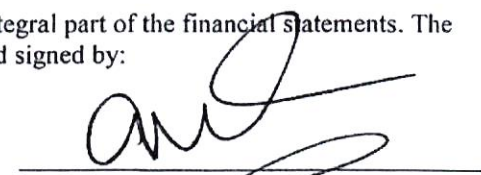
KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2017

	Note	FY2016/2017	FY2015/2016
		KSh	KSh
Assets			
Current Assets			
Cash and Cash equivalents	2	41,750,000	-
Current portion of long term receivables from exchange transactions	3	37,595,052	37,595,052
		-	-
		-	-
Non-current assets			
		-	-
		-	-
Long term receivables from exchange transactions	3	71,869,382	118,821,448
Total Assets		151,214,433	156,416,500
Liabilities			
Current Liabilities			
		-	-
		-	-
		-	-
		-	-
Non current liabilities			
		-	-
		-	-
		-	-
Net asset		151,214,433	156,416,500
Revolving Fund		147,283,008	152,485,074
Reserves		-	-
Surplus/(deficit) for the period		3,931,426	3,931,426
Total net assets and liabilities		151,214,433	156,416,500

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 30, 2017 and signed by:


 Administrator of the fund
 Arnold Mkare Jerwa

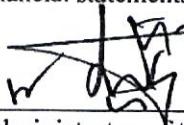

 Fund Accountant

KILIFI COUNTY ASSEMBLY CAR AND MORTGAGE Loan FUND
Reports and Financial Statements For Car and Mortgage Loan Fund
For the year ended June 30, 2017

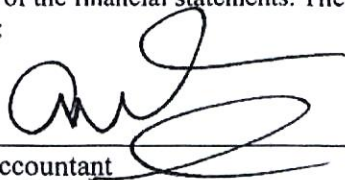
STATEMENT OF CASHFLOW
FOR YEAR ENDED JUNE 30, 2017

	Note	FY2016/2017	FY2015/2016
		KShs	KShs
Cash flows from operating activities			
Receipts			
Interest received	1	3,931,426	3,931,426
Total Receipts		3,931,426	3,931,426
Payments			
Net cash flows from operating activities		3,931,426	3,931,426
Cash flows from investing activities			
Proceeds from loan principal repayments		40,007,674	40,007,674
Loan disbursements paid out		(2,189,100)	(124,130,172.0)
Net cash flows used in investing activities		37,818,574	(84,122,798)
Cash flows from financing activities			
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents	2	41,750,000	(80,191,372)
Cash and cash equivalents at 1 JULY		-	80,191,372
Cash and cash equivalents at 30 JUNE		<u>41,750,000</u>	<u>(0)</u>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 30, 2017 and signed by:



 Administrator of the fund
 Arnold Mkare Jefwa




 Fund Accountant


KILIFI COUNTY ASSEMBLY CAP AND MORTGAGE Loan FUND
 Reports and Financial Statements For Car and Mortgage Loan Fund
 For the year ended June 30, 2017

VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

	Original budget	Adjustments	Final budget	Actual performance difference		% utilisation
	2017	2017	2017	2017	2017	2017
	KSh	KSh	KSh	KSh	KSh	
Revenue						
Public contributions donations	-	-	-	-	-	0%
Transfers from County	15,000,000	(5,000,000)	10,000,000	-	10,000,000	0%
Interest income	15,000,000	(2,000,000)	13,000,000	3,931,426	9,068,574	30%
Other income				-	-	0%
Total income	30,000,000	(7,000,000)	23,000,000	3,931,426	19,068,574	17%
Expenses						
Fund administration expenses	1,500,000	(100,000)	1,400,000	-	1,400,000	0%
General expenses	10,000	-	10,000	-	10,000	0%
Finance cost	-	-	-	-	-	0%
Loans Advanced	28,490,000	(6,900,000)	21,590,000	2,189,100	19,400,900	10%
Total expenditure	30,000,000	(7,000,000)	23,000,000	2,189,100	20,810,900	10%
Surplus for the period	-	-	-	1,742,326	(1,742,326)	0%

The entity financial statements were approved on September 30th, 2017 and signed by:


 Administrator of the fund
 Arnold Mkare Jefwa



 Fund Accountant

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VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

	Original budget	Adjustments	Final budget	Actual	Performance difference	Utilisation
	2017	2017	2017	2017	2017	2017
	KSh	KSh	KSh	KSh	KSh	
Revenue						
Public contribution and donations	-	-	-	-	-	0%
Transfers from County	15,000,000	(5,000,000)	10,000,000	-	10,000,000	0%
Interest income	15,000,000	(2,000,000)	13,000,000	3,931,426	9,068,574	30%
Other income				-	-	0%
Total income	30,000,000	(7,000,000)	23,000,000	3,931,426	19,068,574	17%
Expenses						
Fund administration expenses	1,500,000	(100,000)	1,400,000	-	1,400,000	0%
General expenses	10,000	-	10,000	-	10,000	0%
Finance cost	-	-	-	-	-	0%
Loans Advanced	28,490,000	(6,900,000)	21,590,000	2,189,100	19,400,900	10%
Total expenditure	30,000,000	(7,000,000)	23,000,000	2,189,100	20,810,900	10%
Surplus for the period	-	-	-	1,742,326	(1,742,326)	0%

The entity financial statements were approved on September 30th, 2017 and signed by:


 Administrator of the fund
 Arnold Mkare Jefwa


 Fund Accountant

X. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Kilifi County Mortgage scheme Fund. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of receipts and payments

The Kilifi County Assembly recognises all receipts from the various sources when they are earned and not when they are received in cash and all expenses when they are incurred and not when they are paid by the Kilifi County Mortgage Scheme Fund.

3. In-kind contributions

In-kind contributions are donations that are made to the Kilifi County Assembly in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Kilifi County Mortgage scheme Fund includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *Kilifi County Mortgage scheme Fund* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made..

9. Budget

The budget is developed on the same accounting basis (Accrual Basis), the same accounts classification basis, and for the same period as the financial statements. The *Kilifi County Mortgage scheme Fund's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Kilifi County Mortgage scheme Fund's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

This is the first time the Mortgage scheme Fund is preparing its full year financial statements. Being a first time adopter, there are no comparative amounts for the previous year.

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11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

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X. NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

Description	FY2016/2017 KShs	FY2015/2016 KShs
Interest income from loans Car loans	3,931,426	3,931,426
Interest Accrued from Car Loans	-	-
Total interest income	3,931,426	3,931,426

2 Cash and cash equivalents

Description	FY2016/2017 KShs	FY2015/2016 KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	41,750,000	-
Others	-	-
Total cash and cash equivalents	41,750,000	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial institution	Account number	FY 2016/2017	FY 2015/2016
		KSh	KSh
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
FamilyBank		41,750,00	-
Bank		-	-
Sub- total		41,750,00	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand		41,750,00	-

3 Receivables from exchange transactions

Description	FY 2016/2017	FY 2015/2016
	KSh	KSh
Current Receivables		
Interest receivable		
Current portion of long term receivables from exchange transactions	37,595,052	38,327,828
Other exchange debtors-Treasury		
Less: impairment allowance	-	-
Total Current receivables	37,595,052	38,327,828
Non Current receivables		
Loan disbursements paid out	2,189,100-	124,130,172
Long term receivables from exchange transactions	71,869,382	118,821,448
Total Non current receivables	71,869,382	118,821,448
Total receivables from exchange transactions	109,464,433	157,149,276

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