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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**VIHIGA COUNTY ASSEMBLY  
CAR LOAN AND MORTGAGE  
FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

PAPERS LAID	
DATE	02/03/2022
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COMMITTEE	—
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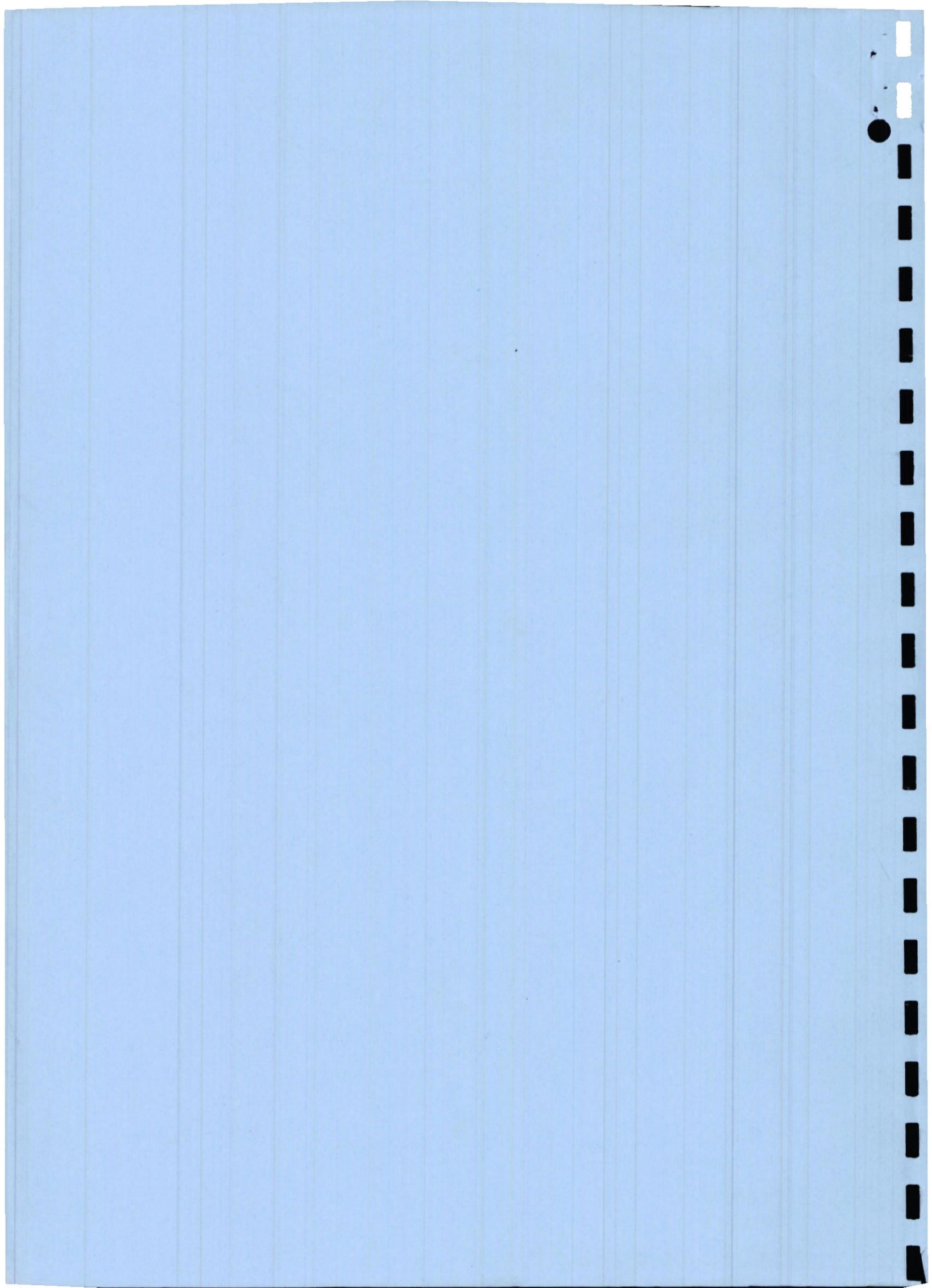
**VIHIGA COUNTY ASSEMBLY CAR LOANS AND MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

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



*Vihiga County Assembly Car Loans and Mortgage Fund*  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

The Vihiga County Assembly Car Loan and Mortgage Fund is established by and derives its authority and accountability from the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14<sup>th</sup> February 2014 and the VIHIGA COUNTY ASSEMBLY MEMBERS (CAR LOAN SCHEME FUND) REGULATIONS 2014 and 2015 on 11<sup>th</sup> July 2014 and 19<sup>th</sup> January 2016. The Fund is wholly owned by the County Government of VIHIGA and is domiciled in Kenya.

The fund's objective is to provide funds for the mortgage and car loan schemes to enable the members and staff of the Assembly to; a) purchase, develop, renovate or repair their residential property and ; b) purchase vehicles for personal use.

### **b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide car loans and mortgage facilities to members of the county assembly and staff.

#### **Vision**

The fund of choice for members and staff.

#### **Mission**

To provide affordable, accessible and sustainable loans to all members of vihiga county assembly

#### **Core Values**

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and teamwork.

### **c) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Joab Ambaka Kilinga	Clerk-Vihiga County Assembly
2	Hon. Henry Asava	Chairman- Administration committee
3	Hon. Douglas Isumba Beru	V/Chair- Administration committee
4	Hon. Victor Ijaika Bulemi	Majority Whip
5	Hon. Patrick Akhwale	Member
6	Hon. Clementine Osodo	Member
7	Hon. Nickson Butiya Isiji	Member
8	Mr. Oscar Miyinzi Jagona	Principal Finance Officer
9	Mr. Francis Rakewa	Principal Legal Officer

**d) Registered Offices**

P.O. Box 90 50300  
Clerk's chambers  
Majengo Luanda/Road/Highway  
Maragoli, KENYA

**e) Fund Contacts**

Telephone: (254) 020 2094140  
E-mail: [vihigaassembly@gmail.com](mailto:vihigaassembly@gmail.com)  
Website: [www.vihigacountyassembly.go.ke](http://www.vihigacountyassembly.go.ke)

**f) Fund Bankers**

The Cooperative Bank of Kenya  
Mbale Branch  
P.O. Box 816 50300  
Maragoli, 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

**2. THE BOARD OF MANAGEMENT**

Name Joab Ambaka Kilinga	Details of qualifications and experience
	<p>Born in 1962,            Bachelor of Education in Economics &amp; Business Studies from Kenyatta University            Executive Masters degree in Education, Leadership and Policy Management from Moi University            Certificate in Strategic Leadership from KSG</p> <p>Having served in public sector in senior positions for more than a decade, he has a wealth of experience in transformative leadership and management best practices.</p>
1. Trustee 2	
2. Trustee 3	

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

**Introduction**

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

The key development objectives of the Vihiga County Assembly Car Loans and Mortgage Fund's 2018-2022 plan are to:

- a) Provide quality mortgage facilities for the Members of County Assembly and staff
- b) Provide car loans to enable members and staff purchase their own cars

The fund started with a seed capital of 200M. This however has not been enhanced and therefore new loan applicants have to wait for monthly repayments to access the facility.

For all qualified and willing members of County Assembly have accessed the funds.

The funds aimed to loan members of staff when the funds are available. This is after all the members of County Assembly being given car loans and mortgage.

So far the fund has given over 20 staff members mortgage facilities amounting to about Ksh.64,300,000.

The rest of the staff members who qualify are given loans when funds are available.

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>
Car Loan and Mortgage	To provide car loan and mortgage facilities to members and staff	Increased uptake of loans	Increased home ownership	<b>In FY 19/20 a total of ksh 38 million was issued out to staff as loans</b>



#### **4. BOARD/FUND CHAIRPERSON'S REPORT**

It is my pleasure to present, on behalf of the County Assembly Service Board, the vihiga car loan and mortgage fund financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund over the past year.

##### **Sustainability**

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

##### **Board and Management Changes**

The board established a taskforce with the mandate to review and interrogate the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The taskforce carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organisation arrangement is expected to enhance efficiency in service delivery.

##### **Review of performance**

###### **Income**

The income from interest amounted to ksh 4,551,806 representing 114 % of the budgeted amount of Ksh 4,000,000. There was no other income other than interest income.

During the period, a total of Ksh 38,300,000 was disbursed as new and additional loans.

###### **Expenditures**

The total expenditures during the period amounted to KShs. 1,891,100.00 out of which the general expenses amounted to Kshs 22,800.00 and fund administration expenses Kshs. 1,868,300.

###### **Future outlook**

The outlook of the Fund for 2020/2021 looks bright. The fund gave out a net of Ksh 1.3 million to the Imprest account as part of the inter account borrowing amounting to Ksh 77,537,527 million. The Fund hopes to go slow on loan disbursements in the year 2020/2021 in order to shore up capital for the year 2022. The fund's focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

***Vihiga County Assembly Car Loans and Mortgage Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow trustees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2020/2021.

Signed: \_\_\_\_\_



**HON HENRY ASAVA**  
**FUND CHAIRMAN**

## **5. REPORT OF THE FUND ADMINISTRATOR**

It is my pleasure to present the Vihiga Car loan and mortgage financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1<sup>st</sup> May 2014 and started with an initial amount of KShs 200M. Since then, a total of 120 loan beneficiaries have made borrowings amounting to KShs 306M.

### **Financial Performance**

#### **a) Revenue**

In the year ended 30<sup>th</sup> June 2020, the fund had projected revenues of KShs 4,000,000. Out of the projected revenue, the fund was able to realise KShs 4,551,806 in actual revenues, representing 114% performance.

In the table below, we present an analysis of revenue performance during the year.

<b>Revenue classification</b>	<b>Revenue budget (KShs)</b>	<b>Actual (KShs)</b>	<b>Realization (%)</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	
Interest income	4,000,000	4,551,806	114%
Fines, penalties and other levies	0	0	-
<b>Total income</b>	<b>4,000,000</b>	<b>4,551,806</b>	<b>114%</b>

#### **b) Loans**

During the financial year 2019/2020, the fund disbursed 12 new loans plus top ups bringing the total loan beneficiaries to date to 120.

#### **c) Cash flows**

In the FY 2019/2020, we have had liquidity issues. This was as a result of previous borrowings by the county assembly and the fact that the number of potential borrowers has increased by over 100 employees. However the cash and cash equivalents increased from KShs 10,505,620 as at 30<sup>th</sup> June 2019 to KShs 11,410,561 as at 30<sup>th</sup> June 2020. However due to delays from Treasury disbursements, payroll deductions for car loan and mortgage for May and June had not been received.

**Vihiga County Assembly Car Loans and Mortgage Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**REPORT OF THE FUND ADMINISTRATOR (Continued)**

**d) Conclusion**

FY 2019/2020 was a good year in general. Good progress was made and the momentum has been created to enable Vihiga county assembly car loan and mortgage 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 board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Vihiga County Assembly car loan and mortgage fund achieves its mission.

Signed: 

**Ambaka Kilinga  
Fund administrator.**

## **STATEMENT OF CORPORATE GOVERNANCE**

### **6. THE BOARD**

The Vihiga county assembly car loan & mortgage scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14<sup>th</sup> February 2014. Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of management at its apex. The operations of the fund are governed by the Vihiga county assembly car loan regulations 2015. The structure is designed to ensure an informed decision making process based on accurate reporting to the board.

### **THE BOARD OF MANAGEMENT**

The Regulations 2015 provides that the board members shall be made up of five trustees, including the chairman, and shall consist of a chairperson and six other members identified for appointment through a competitive process. The board of management is responsible for the long-term strategic direction of the fund and recruitment of the Fund Administrator and senior management. The board of management exercises leadership, enterprise, integrity and judgement in directing the Fund.

The management is provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the board of management is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

All members of the board of management have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The members are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties. At the end of each financial year, the board, its committees, individual members and the Fund Administrator are evaluated by an independent body against targets agreed to at the beginning of the year.

### **BOARD MEETINGS**

The board meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets in the performance contract signed with the county assembly. The board also plays an oversight role over all other financial and operational issues. The members held seven full board and two special board meetings during the FY 2019/2020.

**STATEMENT OF CORPORATE GOVERNANCE (Continued)**

**AUDIT AND RISK COMMITTEE**

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the county assembly service board has established an audit and risk committee. The committee was established to advise the board on institutional risk management and compliance. The members of this committee during the year under review were:

S/No.	Name	Position in committee	Period Served
1	Mr Nebert Avutswa	Chairperson	5 <sup>th</sup> Dec 2016 to 5 <sup>h</sup> Dec 2019
2	Ms. Lucy Anangwe	Member	5 <sup>th</sup> Dec 2016 to 5 <sup>th</sup> Dec 2019
3	Ms. Harriet Mahasi	Member	5 <sup>th</sup> Dec 2016 to 5 <sup>th</sup> Dec 2019
4	Ms. Linet Mugalitsi	Member	5 <sup>th</sup> Dec 2016 to 5 <sup>th</sup> Dec 2019
5	Ms Brenda Ajema	Secretary	5 <sup>st</sup> Dec 2016 to 5 <sup>th</sup> Dec 2019

**STATEMENT OF COMPLIANCE**

The board confirms that the fund has throughout the FY2019/2020 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

**INTERNAL CONTROL AND RISK MANAGEMENT**

**Internal Control**

The board is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Standing Instructions**

The fund has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

## **STATEMENT OF CORPORATE GOVERNANCE (Continued)**

### **Organization Structure**

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the fund can meet its future management requirements.

### **Strategic Plan**

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

### **Internal Control Framework**

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2019/2020.

### **Management Team**

The management team headed by the Fund Administrator implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

### **Auditor**

The fund is audited by the Auditor-General.

## **STATEMENT OF CORPORATE GOVERNANCE (Continued)**

### **7. MANAGEMENT DISCUSSION AND ANALYSIS**

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

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 staff with an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

### **BUSINESS PERFORMANCE**

#### **Revenue**

The fund earned revenues amounting to KShs. 4,551,806 from interest on loans.

#### **Cash flow**

The cash and cash equivalents increased from KShs 10,605,519 as at 30 June 2019 to KShs 11,410,561 as at 30 June 2020. There was equally a significant cash outflow as disbursement of loans to external CASB members and staff who became eligible upon clearing their commercial loans and meeting the set criteria.

### **OPERATIONAL PERFORMANCE**

The fund's core operating activity has been the offering car loans and mortgage to members of county assembly (mcas) and staff. The county assembly has supported the fund and increased collections from members of staff has also added to the fund's better performance.

#### **Conclusion**

We appreciate the unrelenting support from the board of management, staff, the county government, National Treasury and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2020/2021.



## **8. REPORT OF THE BOARD**

The Board submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are to provide car loan and mortgage facilities to members of the county assembly and staff.

### **Results**

The results of the Fund for the year ended June 30<sup>th</sup> 2020 are set out on page 17 to 35

### **Management**

The members of the Board who served during the year are shown on page 4. There were no changes in the Board during the FY 2019/20.

### **Auditors**

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

By Order of the Board

Henry Asava



Member of the Board

Date: 30/09/2020

## **9. 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 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, 2020. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

The Fund's financial statements were approved by the Board on 30/09/2020 and signed on its behalf by:

  
Ambaka Kilinga: Administrator of Vihiga County Assembly Car Loan and Mortgage Fund

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## REPORT OF THE AUDITOR-GENERAL ON VIHIGA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Vihiga County Assembly Car Loan and Mortgage Fund set out on pages 17 to 35, which of comprise the statement of financial position as at 30 June, 2020, and the statement of 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements do present fairly, the financial position of the Vihiga County Assembly Car Loan and Mortgage as at 30 June, 2020 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 Public Finance Management (Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015.

#### Basis for Qualified Opinion

##### 1.0 Unsupported Fund Administration Expenses

The statement of financial performance and as disclosed in Note 2 to financial statements reflects fund administration expenses amounting to Kshs.1,868,300 paid to committee members as allowances. However, the expenditure was not adequately supported with minutes of the meetings held and attendance register.

Consequently, the accuracy, completeness and validity of the expenditure of Kshs.1,868,300 could not be confirmed.

##### 2.0 Irregular Related Party Borrowings

The statement of financial position and as disclosed in Note 6 to the financial statements, reflects a balance of Kshs.137,412,272 in respect of current portion of long-term receivables from exchange transactions. Included in this amount is Kshs.77,537,527

borrowed by the County Assembly of Vihiga in unclear circumstances and remained outstanding as at 30 June, 2020. It was further noted that the balance brought forward from previous year was Kshs.75,820,527 leading to an unexplained variance of Kshs.1,717,000.

Consequently, the accuracy and completeness of Kshs.137,412,272 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Vihiga County Assembly Car and Mortgage 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 Matter**

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 comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.4,000,000 and Kshs.4,551,806 respectively resulting to an over-funding of Kshs.551,806 or 114% of the budget. Similarly, the Fund expended Kshs.1,891,100 against an approved budget of Kshs.4,000,000 resulting to an under-expenditure of Kshs.2,108,900 or 53% of the budget.

The underperformance affected the planned activities and may have impacted negatively as service delivery to the public.

#### **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 else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

##### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by 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 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 Financial Reporting Standards/International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

**15 February, 2022**

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**11. FINANCIAL STATEMENTS**

**11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from exchange transactions</b>			
Interest income	1	4,551,806	3,866,732
		<b>4,551,806</b>	<b>3,866,732</b>
<b>Total revenue</b>		<b>4,551,806</b>	<b>3,866,732</b>
<b>Expenses</b>			
Fund administration expenses	2	1,868,300	336,000
General expenses	3	22,800	137,371
Finance costs	4		144,427
<b>Total expenses</b>		<b>1,891,100</b>	<b>617,798</b>
<b>Surplus/( deficit) for the period</b>		<b>2,660,706</b>	<b>3,248,934</b>

The notes set out on pages 31 to 35 form an integral part of these Financial Statements





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**11.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020 KShs	2018/2019 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	11,410,561	10,605,520
Current portion of long- term receivables from exchange transactions	6	137,412,272	123,921,195
		<b>148,822,833</b>	<b>134,526,715</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions	6	84,565,923	96,201,335
			-
<b>Total assets</b>		<b>233,388,756</b>	<b>230,728,050</b>
<b>Net assets</b>		<b>233,388,756</b>	<b>230,728,050</b>
Revolving Fund		200,000,000	200,000,000
Accumulated surplus		33,388,756	30,728,050
<b>Total net assets and liabilities</b>		<b>233,388,756</b>	<b>230,728,050</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09 2020 and signed by:

  
 Administrator of the Fund  
 Name: Ambaka Kilinga

  
 Fund Accountant  
 Name: Stephen Masambu  
 ICPAK Member Number:  
**10533**

**11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	200,000,000	-	27,479,116	227,479,116
Surplus/(deficit) for the period	-	-	3,248,934	3,248,934
<b>Balance as at 30 June 2019</b>	<b>200,000,000</b>	-	<b>30,728,050</b>	<b>230,728,050</b>
<b>Balance as at 1 July 2019</b>	<b>200,000,000</b>	-	<b>30,728,050</b>	<b>230,728,050</b>
Surplus/(deficit) for the period	-	-	2,660,706	2,660,706
<b>Balance as at 30 June 2020</b>	<b>200,000,000</b>	-	<b>33,388,756</b>	<b>233,388,756</b>

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**11.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received	1	4,551,806	3,866,732
<b>Total Receipts</b>		<b>4,551,806</b>	<b>3,866,732</b>
<b>Payments</b>			
Fund administration expenses	2	1,868,300	137,371
General expenses	3	22,800	336,000
Finance cost	4	-	144,427
		<b>1,891,100</b>	<b>617,798</b>
<b>Net cash flows from operating activities</b>		<b>2,660,706</b>	<b>3,248,934</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		38,161,335	40,853,126
Loan disbursements paid out		(38,300,000)	(43,820,000)
<b>Net cash flows used in investing activities</b>		<b>(138,665)</b>	<b>(2,966,874)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		(24,717,000)	(3,000,000)
Repayment of borrowings		23,000,000	10,000,000
<b>Net cash flows used in financing activities</b>		<b>(1,717,000)</b>	<b>7,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>805,041</b>	<b>7,282,060</b>
Cash and cash equivalents at 1 JULY	5	10,605,520	3,323,460
<b>Cash and cash equivalents at 30 JUNE</b>		<b>11,410,561</b>	<b>10,605,520</b>

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

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**11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilisation</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.						
Interest income	4,000,000	-	4,000,000	4,551,806	551,806	114%
Other income	-	-	-	-	-	
<b>Total income</b>	<b>4,000,000</b>	<b>-</b>	<b>4,000,000</b>	<b>4,551,806</b>	<b>551,806</b>	<b>114%</b>
<b>Expenses</b>						
Fund administration expenses	1,278,333	-	1,278,333	1,868,300	(589,967)	146%
General expenses	50,000	-	50,000	22,800	27,200	46%
Finance cost	-	-	-	-	-	-
<b>Total expenditure</b>	<b>1,328,333</b>	<b>-</b>	<b>1,328,333</b>	<b>1,891,100</b>	<b>562,767</b>	<b>142%</b>
<b>Surplus for the period</b>	<b>2,671,667</b>	<b>-</b>	<b>2,671,667</b>	<b>2,660,706</b>	<b>10,961</b>	<b>99%</b>

## **11.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### **2. Revenue recognition**

#### **i) Revenue from non-exchange transactions**

##### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

#### **ii) Revenue from exchange transactions**

##### ***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Budget information**

The original budget for FY 2019/2020 was not approved by the County Assembly since this is a revolving fund . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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.

**4. Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

**5. Nature and purpose of reserves**

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

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

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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***Held-to-maturity***

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

***Impairment of financial assets***

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

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



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**8. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**9. Comparative figures**

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

**10. Events after the reporting period**

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

**11. Ultimate and Holding Entity**

The entity is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the Vihiga County Assembly.

**12. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. Significant judgments and sources of estimation uncertainty**

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

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

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

**14. 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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has 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.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2020</b>				
Bank balances	11,410,561	11,410,561	-	-
<b>Total</b>	<b>11,410,561</b>	<b>11,410,561</b>	-	-
<b>At 30 June 2019</b>				
Bank balances	10,605,520	10,605,520	-	-
<b>Total</b>	<b>10,605,520</b>	<b>10,605,520</b>	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Capital risk management**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	200,000,000	200,000,000
Accumulated surplus	33,388,756	30,728,050
<b>Total funds</b>	<b>233,388,756</b>	<b>230,728,050</b>
Total borrowings	135,238,439	144,174,129
Less: cash and bank balances	(11,410,561)	(10,605,520)
Net debt/(excess cash and cash equivalents)	(123,827,878)	(133,568,609)
<b>Gearing</b>	<b>53%</b>	<b>58%</b>

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**11.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Interest income**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Interest income from Mortgage loans	3,615,727	2,854,508
Interest income from car loans	936,079	1,012,224
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>4,551,806</b>	<b>3,866,732</b>

**2. Fund administration expenses**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Administration fees	1,868,300	137,371
<b>Total</b>	<b>1,868,300</b>	<b>137,371</b>

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

**3. General expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Bank Charges	1,500	14,300
Other expenses	21,300	321,700
<b>Total</b>	<b>22,800</b>	<b>336,000</b>

**4. Finance Costs**

Description	2019/2020	2018/2019
	KShs	KShs
Finance Costs	-	144,427
<b>Total Finance Costs</b>	<b>-</b>	<b>144,427</b>

**5. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Vihiga County Assembly Car loan account	11,410,561	10,605,520
<b>Total cash and cash equivalents</b>	<b>11,410,561</b>	<b>10,605,520</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

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

		2019/2020	2018/2019
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative Bank of Kenya		11,410,561	10,605,520
<b>Sub- total</b>		<b>11,410,561</b>	<b>10,605,520</b>
<b>Grand total</b>		<b>11,410,561</b>	<b>10,605,520</b>

**6. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	704,464	-
Current loan repayments due	59,170,281	48,100,668
Related party borrowings	77,537,527	75,820,527
<b>Total Current receivables</b>	<b>137,412,272</b>	<b>123,921,195</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	84,565,923	96,201,335
<b>Total Non- current receivables</b>	<b>84,565,923</b>	<b>96,201,335</b>
<b>Total receivables from exchange transactions</b>	<b>221,978,195</b>	<b>220,122,53</b>



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**Additional disclosure on interest receivable**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	704,464	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	2,629,924	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**a) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers to related parties	77,537,527	75,820,527

**b) Due from related parties**

	2019/2020	2018/2019
	KShs	KShs
Due from County Government	77,537,527	75,820,527
<b>Total</b>	<b>77,537,527</b>	<b>75,820,527</b>

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For the year ended June 30, 2020***

**7. 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>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.1	Unsupported general expenses	Supporting documents have been made available	Masambu	Resolved	
4.2	Non disclosure of related party transactions	Disclosed in this year's statements	Masambu	Resolved	
4.7	Members who took above 5 million	In the process of being sorted out	Fund Administrator		
4.9	Lack of collateral documents	In the process	Fund Administrator		

***Guidance Notes:***

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.