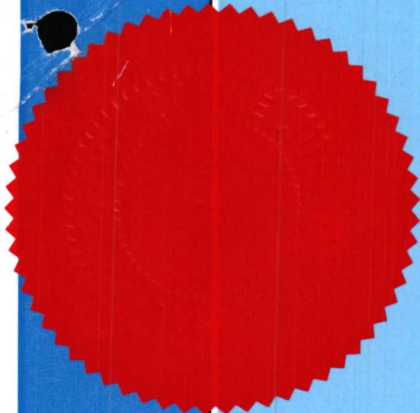


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REPORT

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CLERK AT THE TABLE	Ms. MACHARIA

OF

THE AUDITOR-GENERAL

ON

**BARINGO COUNTY EXECUTIVE
CAR LOAN SCHEME FUND**

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





**COUNTY GOVERNMENT OF BARINGO
BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Baringo County Government Car Loan Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Baringo County Government Car Loan Scheme Fund) Regulations 2016 on 3/2/2016. The Fund is wholly owned by the County Government of Baringo and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase of motor vehicles by members of County Executive Committee, County Public Service Board and County Chief Officers and other County Public Officer eligible under provisions of the Salaries and Remuneration Commission (SRC/ADM/CIR/1/13/Vol. III (128) of 17th December, 2014).

The Fund's principal activity is provision of car loans to the Members of County Executive and ensuring that loans advanced are recovered.

b) Principal Activities

The principal activity/mission/ mandate of the Fund are to provide loans to Members of County Executive at affordable rates. The detailed core objectives of the fund are:

- Proper administration of the fund.
- Loan disbursement.
- Timely Loans repayments.
- Security discharge upon loan clearance.
- Vehicles are comprehensively insured.
- Proper books of accounts are kept.

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
	Chairman of the Board	Elijah Kipkoros
1	Fund administrator	John Kisang
2	Chief Officer finance	John Kisang

Baringo County Executive Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30 June, 2021

3	Committee Members	Elijah Kipkoros David Serгон John Kisang Joseph Korir Francis Komen Samson Kibii Julius Tarus
---	-------------------	---

d) Key Management

Ref	Position	Name
1	Administrator	John Kisang
2	Fund Accountant	David Rerimoi

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	James Lotara
2	Audit Committee	CPA, Nelson Korir Leah Korir Alphones Kiptum CPA, Naomi Singa
3	County Assembly	Public Investment and Accounts Committee
4	External Auditors	Office of the Auditor General

f) Registered Offices

P.O Box 53-30400
AFC Building
Kabarnet –Iten Road

g) Fund Contacts

Telephone: (254) 053-22115
E-mail: baringocountyExecutive@gmail.com
Website: www.baringoExecutive.go.ke

h) Fund Bankers

Kenya Commercial Bank
Kabarnet Branch
P.O. Box 175-30400
Kabarnet
A/C NO. 1179328914




i) Independent Auditors

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



j) Principal Legal Adviser

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


2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

Name	Details of qualifications and experience
 <p>1. Elijah Kipkoros</p>	<p>Chairman of the Committee. CECM Transport and Infrastructure. Hon Kipkoros holds a masters degree in Human resource, a degree in Education and a diploma in Human resource. Before joining cabinet, Kipkoros was principal, RCEA BiwottNgeleiTarit Secondary School having come from Kapngetuny Boys High School in UasinGishu County where he worked in the same capacity.</p>
 <p>2. David Sergon</p>	<p>Member of the Committee. CECM Trade and Industrialization. Hon. Sergon holds a PHD in Entrepreneurship Studies from Moi University and a Masters in Entrepreneurship and Management from Kenyatta University as well as a bachelor's degree in accounting and mathematics from University of Nairobi. He has also undertaken SLDP and SMC from Kenya School of Government. Before joining county executive Dr.Sergon was a lecturer at Moi University where he taught an assessed students in entrepreneurship and management sciences at undergraduate and graduate level.</p>
<p>3. Samson Kibii</p> 	<p>16/11/1968</p> <p>Member of the Committee. CEO Public Service Board.</p> <p>Certified Public Secretary, Masters in Business Management (Strategic Management).</p>

**Baringo County Executive Car Loan Scheme Fund
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For the year ended 30 June, 2021**

 <p>4. Richard Rotich</p>	<p>Member of the Committee. CECM Finance and Economic Planning. Hon. Dr. Rotich holds a PHD in strategic management from Moi University and a Masters degree in Business Administration with specialty in strategic management and Marketing as well as Bachelors of Art degree, public administration & Economic planning also from Moi University. He possesses a 13-year experience gained in diverse work environments in the country as National Social Security Fund (NSSF) branch manager for Kericho, Kisumu, Nanyuki and Kapsabet branches. He was also a part time lecturer at University of Eldoret between 2015-2017.</p>
<p>5. Joseph Korir</p>	<p>Date of Birth 13/9/1957 Member of the Committee. Chairman Public Service Board.</p>
<p>6. Francis Komen</p>	<p>Member of the Committee. County Secretary</p>
<p>7. Julius Tarus</p> 	<p>Member of the Committee. County Attorney Year of birth 1966 Legal Officer Key Qualifications Bachelor of Laws (LLB) Diploma in Law from Kenya School of Law</p>
	<p>Year of birth: 1972 Key Qualifications: Degree, Senior Management Course</p>

**Baringo County Executive Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30 June, 2021**

	Currently, Chief Officer Finance Fund Administrator.
8. John Kisang	

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 Baringo County Government Car Loan Scheme Fund for 2020/2021 financial year are to:

- a) Provide a loan scheme for the purchase cars for state officers and public servants as prescribed by Salaries and Remuneration Commission.
- b) Ensure the stated money is used for the intended purpose by putting control measures.
- c) Recovery of loans in time.
- d) Adherence to regulations governing Baringo County Government Car Loan Scheme Fund.
- e) Train the fund management committee and staff.



**Baringo County Executive Car Loan Scheme Fund
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Progress on attainment of Strategic development objectives (Adopted from Baringo County).

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loan for state officers and Public servants	Staff motivation	Increased number of staff accessing car loan in the County	% of staff who have accessed car loans.	In FY 2020/2021, 6 staff accessed loans.
Usage of car loan	Used for purchase of personal vehicles	Increased number of staff loans	% of staff who own vehicles	In FY 2020/2021, state officers and public servant did benefit from car loans.
Car loan recovery	Quality revolving fund	Zero arrears	% of good loans	In FY 2020/2021, car loan recovery was fair.
Legal adherence	Compliance to regulations	Zero deviation from the regulations	Number of queries and court cases on car loans	In FY 2020/2021, there were no car loans compliance issues despite some defaulting
Training	Employees awareness and fund management committee training	Well trained Baringo County Government Car Loan Scheme Fund committee. Employee awareness on car loans.	Number of trainings. Number of car loan applications.	In FY 2020/2021 no training was conducted.


4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 1. John Kisang	Year of birth:1972 Key Qualifications: Degree, Senior Management Course Currently, Chief Officer Finance Fund Administrator.
 2. David Rerimoi	Year of birth 1980 Key Qualifications: Masters in Business Administration(UON) ,BCOM,CPA(K) Senior Management Course,SLDP Fund accountant
3. Julius Tarus	Year of birth 1966 Legal Officer Key Qualifications Bachelor of Laws (LLB) Diploma in Law from Kenya School of Law

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

It is my great pleasure to present the Baringo County Government Car Loan Scheme Fund financial statements for the year ended 30 June 2021. The financial statements present the financial performance of the Fund over the past year. During the year under review, the fund did not witness a change in the composition of its board and management team. Elijah Kipkoros remained the Chairperson while members were David Sergon, Joel Koima, Alexander Lomaringoria, Richard Rotich, Joseph Korir, Francis Komen, Samson Kibii, John Kisang and Julius Tarus.

During the period under review, the fund did not receive additional Fund capital for onward lending to the Members from the exchequer. However, total revenue from interest and other operating activities was ksh 520,504.52. During the year ended 30th June 2021, ksh10,040,000 was disbursed while a total of ksh 5,287,089.29 was received as proceeds from loan principal repayments. During the year ended 30 June 2021, the Fund realized a surplus of Ksh 408,589.52. In conclusion, FY 2020/2021 was a good year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity. The Fund has been instrumental in facilitating the Members purchase cars to improve their welfare and enable them deliver on their mandate. I thank all Members and staff in the entire County Executive for their continued commitment and dedication through hard work in delivering services to the people of Baringo County.

Signed:  _____

Elijah Kipkoros

6. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Baringo County Government Car Loan Scheme Fund financial statements for the year ended 30 June 2021. The financial statements present the financial performance of the Fund over the past year in detail. During the year under review, the fund management team were John Kisang, David Rerimoi and Julius Tarus.

During the period under review, the fund did not receive additional Fund capital for onward lending to the Members from the exchequer unlike the year ended 30th June 2020 where ksh 5,000,000 was transferred from County Government of Baringo.

Total revenue was ksh 520,504.52 (2019/2020 was ksh 5,532,122.40). For the year under review, total expenses was ksh 111,915 while in the year 2019/2020 it was ksh 5,595. During the year ended 30 June 2021, the Fund realized a surplus of Ksh 408,589.52 compared to ksh 5,526,527.40 in FY 2019/2020. During the year ended 30th June 2021, a disbursement of ksh 10,040,000 was made but a total of ksh 5,287,089.29 was received as proceeds from loan principal repayments. The current portion of long-term receivables from exchange transactions was ksh 14,119,590.76 (ksh 8,973,657.05 in FY 2019/2020). Long term receivables from exchange transactions was ksh 11,954,306.98 (ksh 12,302,368.02 in FY 2019/2020). Total revolving fund was ksh 30,414,053.89 (ksh 30,005,464.38 in FY 2019/2020).

The Loans Management Committee plans to disburse loans in the future to the members of staff subject to the availability of funds. The physical progress of the fund has not been impressive based on recovery and legal adherences. Therefore, the committee plans to strengthen loan controls by engaging financial institutions so as to ensure full compliance to loan requirements otherwise value for money will not be realized.

From the above financials, it is clear that the fund budgetary allocation is not consistent. Baringo County Government Car Loan Scheme Fund faced a myriad of challenges while implementing its strategic objectives. Key challenge was allocation of limited resources to an ever increasing demand. This curtailed the scope of impact the fund could have made. The effect of COVID 19 pandemic also affected the strategic objectives of the fund because funds were diverted to mitigate the side effects of the pandemic. Going forward, the fund will analyse its prior year's income and expenditure so as to present a realistic budget. Further, the fund has laid strategies to increase its revenue by partnering with several financial institutions. To effectively manage risk,

**Baringo County Executive Car Loan Scheme Fund
Reports and Financial Statements
For the year ended 30 June, 2021**

the fund through its committee has adopted the following risk management strategies: risk identification, risk analysis, risk evaluation, risk treatment, risk monitoring, risk avoidance, risk reduction and risk sharing. This was adopted from Baringo County Risk Management Policy.

In conclusion, FY 2020/2021 was a fair year in general. Good progress was made and the momentum has been created to enable the Fund on a trajectory into prosperity. I thank all Members and staff in the entire County Executive for their continued commitment and dedication through hard work in delivering services to the people of Baringo County.

Signed: _____



John Kisang

7. CORPORATE GOVERNANCE STATEMENT

Baringo County Government Car Loan Scheme Fund remains committed to the highest standards of corporate governance and ethics in order to deliver long term and sustainable stakeholder value. It continues to adhere to its obligations as a public entity in Kenya in compliance with Code of Corporate Governance Practices.

The primary role of Baringo County Government Car Loan Scheme Fund is to:

- Process applications for loans in accordance with the existing terms and conditions of borrowing;
- Liaise with the financial institution to set up a revolving fund for the disbursements of the loans; and
- Supervise the day-to-day running of the Fund so as to achieve sustainable long-term success.

The Committee is solely responsible for its agenda. However, it is the responsibility of the chairman and the fund secretary to come up with the annual committee work plan and an agenda for the meetings. Baringo County Government Car Loan Scheme Fund meets at least four times a year and the meetings are structured in a way that allows for open discussions. During financial year 2020-2021, the Loans Management Committee held 2 meetings. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions. The quorum for a meeting of the Committee shall be Chairperson and any other four members.

Comprehensive board papers are prepared and circulated to all fund committee members for all substantive agenda items at least two weeks prior to the meeting. This allows time for the committee members to undertake an appropriate review of the board papers to facilitate full and effective discussions at the meetings.

The Board Charter is critical to the funds governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the fund management committee and its individual members; Powers delegated to the fund committees; Matters reserved for final decision-making and approval by the fund management committee; Policies and practices of the fund management on matters of corporate governance, committees' declarations and conflict of interest, conduct of fund and fund

**Baringo County Executive Car Loan Scheme Fund
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For the year ended 30 June, 2021**

committee meetings; and nomination, appointment, induction, on-going training and performance evaluation of the fund and its committee.

The committee members and chairman are obligated to fully disclose any real or potential conflict of interest, which comes to any committee's attention, whether direct or indirect. The statutory duty to avoid situations in which the committee have or may have interests that conflict with those of the fund has been observed by the board in the financial year under review. All business transactions with all parties, committee or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a committee member that a matter concerning the fund may result in a conflict of interest, obligates the fund committee member to declare the same and exclude himself / herself from any discussion or decision over the matter in question.

Baringo County Government Car Loan Scheme Fund committee members are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders and to respect the diverse cultures of the Kenyan people. The fund adopted Baringo County Government code of conduct. When joining the Fund management, every committee members are provided with a copy of the code and must commit to abide by its requirements.

Committee members undergo regular training and to enable them fulfil their responsibilities through respective departments. All members receive an induction upon joining. This provides an overview of the fund, new developments in the environment in which the fund operates, accounting and financial reporting developments, as well as any regulatory changes. Committee members are appointed depending on the departmental representation however the committee is made up of employees on contract and permanent terms. This ensures that there is continuity at all times. The annual financial statements of the Fund are subject to audit by the Auditor-General. Fund committee members are paid a sitting allowance for every meeting attended depending on availability of funds.

8. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the fund did not receive additional Fund capital for onward lending to the Members from the exchequer unlike the year ended 30th June 2020 where ksh 5,000,000 was transferred from County Government of Baringo. This curtailed the operations of the fund significantly.

Total revenue was ksh 520,504.52 (2019/2020 was ksh 5,532,122.40). For the year under review, total expenses were ksh 111,915 while in the year 2019/2020 it was ksh 5,595. During the year ended 30 June 2021, the Fund realized a surplus of Ksh 408,589.52 compared to ksh 5,526,527.40 in FY 2019/2020. During the year ended 30th June 2021, a disbursement of ksh 10,040,000 was made but a total of ksh 5,287,089.29 was received as proceeds from loan principal repayments. The current portion of long-term receivables from exchange transactions was ksh 14,119,590.76 (ksh 8,973,657.05 in FY 2019/2020). Long term receivables from exchange transactions was ksh 11,954,306.98 (ksh 12,302,368.02 in FY 2019/2020).

Baringo County Government Car Loan Scheme Fund is in the process of engaging financial institution to manage the fund and it is also in the process of insuring all members' loans. The major risk facing the Fund is loan default in case of the death of a member. However, this risk will be mitigated by insuring all the members' loans for the benefit of the member of the scheme. This will ensure that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the insurance company. Further, the fund has never met its statutory obligation on the Fringe Benefit tax.

Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All car loans to Members are currently being recovered through the payroll check-off system from the members' monthly emolument. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Baringo County Government Car Loan Scheme Fund exists to transform lives. We recognize that Corporate Social Investment (CSI) issues are of increasing importance to our stakeholders. Thus, a tradition that ensures we operate our business in a responsible manner at all times for the benefit of our customers, staff, suppliers, and the wider community. We exercise CSI by partnering with and investing in communities to find sustainable solutions. We also encourage employees of Baringo County Government to take part in CSI initiatives aimed at improving the standards of living of the communities that they come from. Our CSI activities for the financial year under review are disclosed herein.

1. Sustainability strategy and profile

Sustainable efforts adopted by the fund include recycling, reducing and reuse programs. Further, the fund has adopted responsible disposal and promotion of sustainable consumption of motor vehicle materials.

2. Environmental performance

Baringo County Government Car Loan Scheme Fund aims to minimize any harmful effects and consider the development and implementation of environmental standards that are compatible with the topography of Baringo County. As such, we strongly encourage the internationally established 3 Rs: Reduce, Re-use and Recycle. Through the County department of Environment, the fund has a policy to guide its operations. Further, fund regulations stipulate adoption of environmentally compatible motor vehicles and respect for environment. We seek to identify opportunities to optimise consumption of energy, water and other natural resources by striving to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing negative impact of waste on the environment.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING (CONTINUED)**

3. Employee welfare

Hiring process is guided by the Human Resource Manual. This is undertaken by the department of Human resource after receiving request from Baringo County Government Car Loan Scheme Fund. Staff is trained periodically on professional issues.

4. Market place practices

a) Responsible competition practice.

Baringo County Government Car Loan Scheme Fund has maintained responsible competition practices by adopting various strategies. Code of ethics and anti- corruption declaration form is used to reduce instances of corruption malpractices. Open tenders, framework contracts and quotations are used to maintain fair competition amongst suppliers. Declaration of conflict of interest is usually adopted to avoid instances where stakeholders interfere with the activities of the fund.

b) Responsible Supply chain and supplier relations

Baringo County Government Car Loan Scheme Fund maintains good business practices with suppliers through timely provision of information, prompt payments, good communication and proper record keeping of supplier documents. This has resulted in harmonious relationship.

c) Responsible marketing and advertisement

During members' awareness and loan recovery, Baringo County Government Car Loan Scheme Fund ensures that advertisements are structured in such a manner that it does not infringe the rights of citizens and also ensures that confidentiality is kept.

d) Product stewardship

While making car loans approval, Baringo County Government Car Loan Scheme Fund committee ensures that members rights and interest are protected apart from adhering to the recommended quality standards for the purpose of ensuring safety of beneficiaries.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING (CONTINUED)**

5. Community Engagements

- Training staff on car loan.
- Advisory services to its members on energy conservation by adopting hybrid motor vehicle technology.

10. FUND ADMINISTRATION COMMITTEE

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

10.1 Principal activities

The principal activities of the Fund continue to be provision of loan scheme for the purchase cars by members of the County Executive as prescribed by the Salaries and Remuneration Commission.

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 24-30.

10.3 Trustees

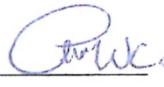
The members of the Fund Administration Committee who served during the year are shown on page 5-6. There were no changes in the Board during the financial year.

10.4 Auditors

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

By Order of the Baringo County Government Car Loan Scheme Fund Committee

Sign:

Name: Hon Elijah Kipkoros 

Chair of the Baringo County Government Car Loan Scheme Fund Committee

Date: _____

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management Act 2012 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Baringo County Government Car Loan Scheme Fund) Regulations 2016 . The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

**Baringo County Executive Car Loan Scheme Fund
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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 Baringo County Government Car Loan Scheme Fund Committee on _____ 2021 and signed on its behalf by:

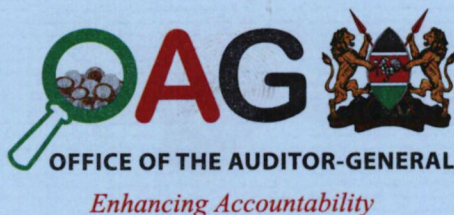
_____ 

Name: John Kisang

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 BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Executive Car Loan Scheme Fund set out on pages 24 to 62, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, the 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

Report of the Auditor-General on Baringo County Executive Car Loan Scheme Fund for the year ended 30 June, 2021

of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Baringo County Executive Car Loan Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Baringo County Executive Car Loan Scheme Fund) Regulations, 2016.

Basis for Qualified Opinion

1. Inaccuracies in Comparative Balances

The financial statements reflect comparative balances on various items which were at variance with the prior year audited financial statements as tabulated below:

Item	Comparative balance in the Financial Statements - 30 June, 2021 (Kshs.)	Audited Prior Year Balances 30 June, 2020 (Kshs.)	Variance (Kshs.)
Interest Income	532,122	155,325	(376,797)
General Expenses	5,595	4,395	(1,200)
Current Portion of Long-Term Receivable from Exchange Transaction	8,963,657	1,835,482	(7,128,175)
Long-Term Receivable from Exchange Transaction	12,302,368	15,770,159	3,467,791
Mortgage Clearing Account	422,426	0	(422,426)
Revolving Fund	24,478,936	26,767,505	2,288,569
Accumulated Surplus	5,526,527	150,930	(5,375,597)

In the circumstances, the accuracy and completeness of the prior year comparative balances as reflected in the financial statements for the year ended 30 June, 2021 could not be confirmed.

2. Interest Income

The statement of financial performance reflects interest income amount of Kshs.520,504 for the year ended 30 June, 2021. However, the balance differs with the financial statements supporting schedule amount of Kshs.564,991 resulting to unexplained variance of Kshs.44,486.

Further, the interest income has been computed on a straight line basis contrary to the Salaries and Remuneration Commission Circular Ref: SRC/023/12/2014 of 17 December, 2014 which required interest to be charged on reducing balance for the duration of the loan.

In addition, the current portion of long-term receivables from exchange transaction balance of Kshs.8,963,657 brought forward was omitted in the computation of interest income.

In the circumstances, the accuracy and completeness of the interest income of Kshs.520,504 for the year ended 30 June, 2021 could not be confirmed.

3. Fund Administration Expenses

The statement of financial performance reflects fund administration expenses amount of Kshs.105,000 for the year ended 30 June, 2021 in respect of sitting allowances. However, the amount has not been supported by way of names of payee, rate of payment and minutes of meetings attended.

In the circumstance, the accuracy and completeness of fund administration expenses amount of Kshs.105,000 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,174,583 as at 30 June, 2021 and as disclosed in Note 10 to the financial statements. However, the balance includes Kshs.834,427 in respect of Executive Mortgage Fund loan repayments deposited into the bank account of the Executive Car Loan Scheme Fund that had not been refunded.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.5,174,583 as at 30 June, 2021 could not be confirmed.

5. Current Portion of Long-Term Receivable from Exchange Transaction

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.14,119,590 as at 30 June, 2021 and as disclosed in Note 11 to the financial statements. However, the balance was not supported by way of detailed schedule showing members' opening balances, additions during the year or repayments to arrive at the closing balance. Further, the financial statement supporting schedule reflects a balance of Kshs.11,147,829 resulting to unexplained variance of Kshs.2,971,762.

In the circumstances, the accuracy and completeness of the current portion of long-term receivable from exchange transactions of Kshs.14,119,590 as at 30 June, 2021 could not be confirmed.

6. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.11,954,307 as at 30 June, 2021 and as disclosed in Note 11 to the financial statements. However, the balance has not been supported by way of a detailed schedule showing the members' opening balances, additions during the year or repayments to arrive at the closing balance. Further, the financial statement supporting schedule reflects a balance of Kshs.14,147,535 resulting to unexplained variance of Kshs.2,193,228.

In the circumstances, the accuracy and completeness of the long-term receivables from exchange transactions balance of Kshs.11,954,307 as at 30 June, 2021 could not be confirmed.

7. Mortgage Clearing Account

The statement of financial position reflects mortgage clearing account balance of Kshs.834,427 as at 30 June, 2021. This amount is refundable to Baringo County Mortgage Fund Scheme. However, the balance has not been supported by way of listing of persons and amounts owed to each.

In the circumstances, the accuracy and completeness of the mortgage clearing account balance of Kshs.834,427 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects a total income final budget of Kshs.9,254,488 against actual receipts of Kshs.520,505 on a comparable basis resulting to a revenue shortfall of Kshs.8,733,983 (or 94.4%).

In the circumstances, the Fund was unable to generate sufficient income to finance its planned activities and services.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Lack of Motor Vehicle Joint Ownership

Records provided for audit revealed that a car loan of Kshs.2,000,000 issued to a Scheme Member was not secured by way of joint motor vehicle registration between the Fund and Scheme Member in breach of Regulation 10(2) of the Fund Regulations, 2016, which requires a vehicle funded through the Scheme to be jointly registered and log book kept in the custody of the officer administering the Fund until the loan is repaid in full. Further, the statement of financial position reflects total receivables balance of Kshs.26,073,898 comprising of current portion of long-term receivables and long-term receivables from exchange transaction balances of Kshs.14,119,591 and Kshs.11,954,307 respectively in respect of car loans issued to twenty-seven scheme members. However, the log books of twenty-one (21) motor vehicles with initial cost of Kshs.36,730,000 included in the outstanding loan balances were not in the custody of the Fund Administrator in breach of Regulation 10(2) of the Fund Regulations, 2016, which requires a vehicle funded through the Scheme to be jointly registered and log book kept in the custody of the officer administering the Fund until the loan is repaid in full.

In the circumstances, the Management did not comply with the Fund Regulations and the outstanding loan balances of Kshs.26,073,898 as at 30 June, 2021 were not secured by any form of security therefore at risk of loss in case of default in loan repayment.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Loan Defaulters

Records provided for audit revealed that four Scheme Members with an outstanding loan balance of Kshs.5,785,493 are in default by not servicing their loans. However, Management have not issued demand notices or put in place measures to recover the loans in full in order to safeguard the Fund's finances.

In the circumstance, the Fund is exposed to financial losses due to non-recovery of loans in default balance of Kshs 5,785,493.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 the Board of Trustees

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

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

The Board of Trustees 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 Fund's 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 sustain its services.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

22 July, 2022


13. FINANCIAL STATEMENTS

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

	Note	2020/2021	2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	5,000,000.00
Fines, penalties and other levies	3	-	-
		-	5,000,000.00
Revenue from exchange transactions			
Interest income	4	520,504.52	532,122.40
Other income	5	-	-
		520,504.52	532,122.40
Total revenue		520,504.52	5,532,122.40
Expenses			
Fund administration expenses	6	105,000.00	-
General expenses	7	6,915.00	5,595.00
Finance costs	8	-	-
Total expenses		111,915.00	5,595.00
Other gains/losses			
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		408,589.52	5,526,527.40



 Administrator of the Fund
 Name: John Kisang



 Fund Accountant
 Name: David Rerimoi
 ICPAK Number: 6624

Baringo County Executive Car Loan Scheme Fund
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13.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	10	5,174,583.20	9,161,866.20
Current portion of long- term receivables from exchange transactions	11	14,119,590.76	8,963,657.05
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		19,294,173.96	18,125,523.25
Non-current assets			
Long term receivables from exchange transactions	11	11,954,306.98	12,302,368.02
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		11,954,306.98	12,302,368.02
Total assets		31,248,480.94	30,427,891.27
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Mortgage Clearing account		834,426.95	422,426.80
Non-current liabilities			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities		834,426.95	422,426.80
Net assets		30,414,053.99	30,005,464.47
Revolving Fund		30,005,464.38	24,478,936.97
Reserves		-	-
Accumulated surplus		408,589.52	5,526,527.40
Total net assets and liabilities		30,414,053.89	30,005,464.38

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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 _____ 2021 and signed by:



Administrator of the Fund

Name: John Kisang



Fund Accountant

Name: David Rerimoi

ICPAK Number: 6624

Baringo County Executive Car Loan Scheme Fund
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13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	24,478,936.97	-	-	24,478,936.97
Surplus/(deficit) for the period	-	-	5,526,527.40	5,526,527.40
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	24,478,936.97	-	5,526,527.40	30,005,464.38
Balance as at 1 July 2020	30,005,464.38	-	-	30,005,464.38
Surplus/(deficit) for the period	-	-	408,589.52	408,589.52
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	30,005,464.38	-	408,589.52	30,414,053.89

The opening balances have been corrected to reflect the correct balances below

	Prior year Audited figures	Adjustment	Correct balance brought forward
Balance as at 1 July 2019	24,478,936.97	-	24,478,936.97
Surplus/(deficit) for the period	5,948,954.20	(422,426.80)	5,526,528.20
Funds received during the year	-	-	-
Revaluation gain	-	-	-
Balance as at 30 June 2020	30,427,891.18	(422,426.80)	30,005,464.38

Kshs. 422,426.80 relates to the mortgage amount amount deposited in the car loan bank account and reflected as other income in the audited financial statements instead of as a liability.

Baringo County Executive Car Loan Scheme Fund
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13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	Not e	2020/2021	2019/2020
		KShs	KShs
Cashflows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	5,000,000.00
Interest received		465,542.57	420,445.21
Receipts from other operating activities		-	-
Mortgage payments erroneously banked in car loan fund		412,000.15	422,426.80
Total Receipts		877,542.72	5,842,872.01
Payments			
Fund administration expenses		(105,000.00)	-
General expenses		(6,915.00)	(85,053.00)
Finance cost		-	-
Total Payments		(111,915.00)	(85,053.00)
Net cash flows from operating activities		765,627.72	5,757,819.01
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		5,287,089.29	4,594,711.99
Loan disbursements paid out		(10,040,000.00)	(2,000,000.00)
Net cash flows used in investing activities		(4,752,910.71)	2,594,711.99
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(3,987,283.00)	8,352,531.00
Cash and cash equivalents at 1 st JULY 2020	10	9,161,866.20	809,335.20
Cash and cash equivalent as at 30th JUNE 2021	10	5,174,583.20	9,161,866.20

Baringo County Executive Car Loan Scheme Fund
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13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	
Revenue					
Public contributions and donations	-	-	-	-	-
Transfers from County Govt.	6,000,000.00	(6,000,000.00)	-	-	-
Interest income	500,000.00	-	500,000.00	520,504.52	104%
Other income	2,754,488.00	-	2,754,488.00	-	-
Total income	9,254,488.00	-	9,254,488.00	520,504.52	56%
Expenses					
Fund administration expenses	850,000.00	-	850,000.00	105,000.00	12.35
General expenses	12,000,000.00	-	12,000,000.00	6,915.00	0%
Finance cost	2,000.00	-	2,000.00	-	-
Total expenditure	12,852,000.00	-	12,852,000.00	111,915.00	0.87%
Surplus for the period	(3,597,512.00)	-	(3,597,512.00)	408,589.52	

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

**Baringo County Government Car Loan Scheme Fund
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

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

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

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

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

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 30th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

Baringo County 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. 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.

5. Property, plant and equipment

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

6. Intangible assets

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

7. Financial instruments

a) Financial assets

Initial recognition and measurement

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

**Baringo County Government Car Loan Scheme Fund
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Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

Contingent assets

The County Executive Members' Car Loan Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10. Nature and purpose of reserves

The County Executive Members' Car Loan Fund does not create and maintain reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

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The County Executive Members' Car Loan Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

12. Employee benefits– Retirement benefit plans

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

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

13. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

14. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

15. Related parties

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The County Executive Members' Car Loan Fund 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 fund, or vice versa. Members of key management are regarded as related parties and comprise the directors/ Trustee, the Fund Managers and Fund Accountant.

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The fund is a County Public Fund established by the Baringo County Executive Members Car Loan Scheme Regulations 2014 under County Executive of Baringo. Its ultimate parent is the County Executive of Baringo.

20. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

The preparation of the Baringo County Government Car Loan Scheme Fund 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.

a) Estimates and assumptions

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

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

No Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

22. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

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

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

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:

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	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2020	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

The fund has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	KShs	Other currencies KShs	Total KShs
At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

f) Capital risk management

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

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

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

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

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	-	5,000,000.00
Payments by County on behalf of the entity	-	-
Total	-	5,000,000.00

3. Fines, penalties and other levies

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

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	520,504.52	532,122.40
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	520,504.52	532,122.40

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

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

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	105,000.00	-
Total	105,000.00	-

6A. Staff costs

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	2020/2021	2019/2020
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	6,915.00	5,595.00
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	6,915.00	5,595.00

8. Finance costs

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

9. Gain/(loss) on disposal of assets

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	KShs
Baringo County Government Car Loan Scheme Fund	5,174,583.20	9,161,866.20
Baringo County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	-	-
Total cash and cash equivalents	5,174,583.20	9,161,866.20

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

Financial institution	Account number	2020/2021	2019/2020
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank	1179328914	5,174,583.20	9,161,866.20
Bank B		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		5,174,583.20	9,161,866.20

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	262,599.05	207,637.10
Current loan repayments due	13,856,991.71	8,756,019.95
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	14,119,590.76	8,963,657.05
Non-Current receivables		
Long term loan repayments due	11,954,306.98	12,302,368.02
Total Non- current receivables	11,954,306.98	12,302,368.02
Total receivables from exchange transactions	26,073,897.74	21,266,025.07

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	262,599.05	56,750.00
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	-	150,887.10
Current loan repayments due		
Current portion of long-term loans from previous years	10,161,897.51	4,100,185.35
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	3,087,930.90	4,671,834.60

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

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

13. Prepayments

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

14. Inventories

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

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

17. Trade and other payables from exchange transactions

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

18. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	408,589.52	5,526,527.40
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	(54,961.95)	(111,677.19)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	412,000.15	342,968.80
Net cash flow from operating activities	765,627.72	5,757,819.01

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related party balances

a) Nature of related party relationships

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

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

c) Key management remuneration

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

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d) Due from related parties

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

e) Due to related parties

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

23. Contingent assets and contingent liabilities

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

**Baringo County Government Car Loan Scheme Fund
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**15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
 RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

The final audit report for the previous year financial statement has not been released by the Auditor General.

**Baringo County Government Car Loan Scheme Fund
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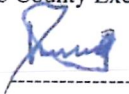
16. APPENDIX I: INTER-ENTITY TRANSFERS

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

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

Fund Administrator
Baringo County Executive Members Car Loan Fund

Head of County Treasury at
Baringo County

Sign 

Sign 