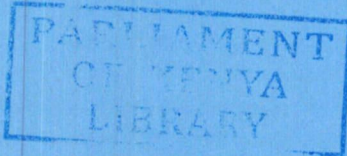


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REPUBLIC OF KENYA



Enhancing Accountability



PAPERS LAID	
DATE	8/11/2022
TABLED BY	Senate Majority Whip
COMMITTEE	—
CLERK AT THE TABLE	I. Mbaya

REPORT

OF

THE AUDITOR-GENERAL

ON

**HOMA BAY COUNTY ASSEMBLY CAR
AND MORTGAGE LOAN FUND**

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





**HOMA BAY COUNTY ASSEMBLY
CAR AND MORTGAGE LOAN FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



RECEIVED
 FEDERAL BUREAU OF INVESTIGATION
 U. S. DEPARTMENT OF JUSTICE
 WASHINGTON, D. C. 20535

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Homa Bay County Assembly Car and Mortgage loan scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Homa Bay County Assembly adopted the PFM regulations 2014 to guide in the operationalization of the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising therefrom, the Homa Bay County Assembly passed a Car Loan and Mortgage Regulations in 2014.

The fund is wholly owned by the County Assembly of Homa Bay and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the fund is to provide mortgage and car loans to MCAs and staff.

Vision

“A modern County Assembly that offers excellence in service delivery and leadership for the people of Homa Bay County”

Mission

To ensure that the Assembly exercises its legislative, oversight and representation functions effectively within the framework of the Kenyan Constitution and working with all those committed to building productive and prosperous Homa Bay County.

Strategic Objectives

- To develop and sustain the Homa Bay County assembly institutional capacity to better discharge its constitutional mandate
- To improve the legislative process at Homa Bay County assembly
- To improve the capacity of Homa Bay County assembly and to provide effective oversight to county government
- To fully develop the representation and outreach work of the members of county assembly

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND

Reports and Financial Statements

For the year ended June 30, 2021

c) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity Bank
Equity Centre, Upper Hill
P.O. Box 1234 - 00100
Nairobi, Kenya

d) Independent Auditors

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

e) Principal Legal Adviser

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

2. MANAGEMENT TEAM

a)Key Management



MISS FAITH ADHIAMBO APUKO:
Homa Bay County Assembly Clerk
Responsibility: Fund Administrator



MS. JACINTER ADEKE OGWE
Principal finance officer
Responsibility: Fund Accountant

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

b) Fund Administration Committee

Ref	Name	Position
1	Hon Peter Asoyo Oriema	Chairperson
2	Hon. Sophie Koweje	Vice Chairperson
3	Hon. John Kiasa	Member
4	Hon. Jane Kiche	Member
5	Hon. Paul Wamunga	Member
6	Hon. Joel Mola	Member
7	Hon. Ellyas Orondo	Member
8	Bosstone Ernest Nyang'or	Secretariat
9	Wendy Winnie Opar	Secretariat

3. FUND ADMINISTRATOR'S REPORT

It is my pleasure to present, on behalf of the Fund Administration Committee, the County Assembly Mortgage and Car loan fund financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

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

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

Review of performance

Income

The fund earned interest amounting to KShs. 4,688,858 for the period. Projects implementation during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to an opening cash balance of Kshs. 60,189,358 as at the beginning the year.

Expenditures

The total expenditures during the period amounted to KShs. 13,503,276.

Signed: _____

Faith Adhiambo Apuko
Fund Administrator



HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

4. FINANCIAL PERFORMANCE

a) Revenue

In the year ended 30th June 2021, the fund had projected interest income of KShs 4,688,858. Out of the projected revenue, the fund was able to realise actual interest income, representing 98.7% performance.

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

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Transfers from County Govt.	98,000,000	0	0%
Interest income	4,688,858	4,688,858	100%
Fines, penalties and other levies	-	-	-
Other income	-	-	-
Total income	102,688,858	102,688,858	100%

b) Loans

During the financial year 2020/2021, the fund disbursed a total of Kshs.112,000,000 being staff and Speaker's Mortgage. While 49 Staff members cleared their Car loan. The total loan beneficiaries to date is 100.

Cash flows

In the financial year 2020/2021, we had a few liquidity disruptions. This was as a result of late disbursement from the national treasury hence affecting issuance of new loans, deductions and remission of the interest and principal. The cash and cash equivalents was Kshs. 2,789,676 as at 30th June 2021, being a decrease from Kshs 60,189,358 as at 30th June 2020.

Car Grant

It is in the Financial Year 2020/2021 that the president through the Salaries and Remuneration Commission granted the MCAs and Speaker a Transport Benefit Allowance of Kshs. 2,000,000 and Kshs. 4,000,000 respectively.

The SRC advised that the funds meant for Car Loans were to be used for the 'Car Grant'. Therefore, we disbursed a total of Kshs. 124,000,000 as car grant hence a reduction in the Revolving Fund Capital.

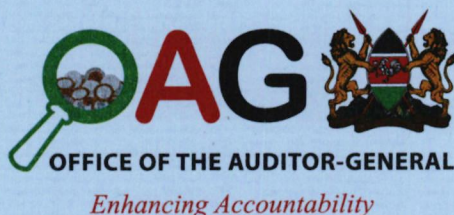
c) Conclusion

The financial year 2020/2021 was a good year in general. Good progress was made and the momentum has been created to enable Homa Bay County Assembly car loan fund continue on a trajectory into prosperity.

The loan repayment during the year wasn't 100% realized though. The County Assembly Service Board used the Revolving Fund to disburse the Car Grant which affected the Fund's Capital. We have identified gaps and areas to improve on in the subsequent years.

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Homa Bay County Assembly Car and Mortgage Loan Fund set out on pages 10 to 30, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Homa Bay County Assembly Car and Mortgage Loan 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Loan Repayments

The statement of financial position and as disclosed in Note 5 to the financial statements, reflects a balance of Kshs.37,968,901 in respect of current loan repayment due. The balance includes amounts of Kshs.3,826,513 and Kshs.7,778,397, which were due for repayment in October, 2017 and July, 2019, respectively, all totalling to Kshs.11,604,910. These long outstanding loan repayments due relates to outstanding car and mortgage loans advanced to a former clerk and legal officer who both left the County Assembly in 2018.

Further, one of the staff left with the log book. This is contrary to Regulation 17 of Homa Bay County Assembly Car Loan and Mortgage Fund Regulations, 2016 which provides that, "the Fund may call in a loan and sell the charged property by public auction or private treaty where the borrower is in breach of the terms under the loan agreement or the covenant contained in the charge of the mortgage instrument".

In the circumstances, the accuracy and regularity of the long outstanding loan repayments due of Kshs.11,604,910 could not be confirmed.

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

Key Audit 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

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised. However, the Management has not resolved all the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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 matters 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

Irregular Acquisition of Mortgage Loans

As reported in the previous year, mortgage loans totalling Kshs.100,000,000 issued to eight (8) members of staff of the County Assembly were not supported by copies of registration titles of the proposed residential properties, official search documents, copies of sales agreements relating to the properties and copies of design of the proposed residential properties duly approved by the County Government and bills of quantities,(where applicable). This is contrary to Regulation 10 of Homa Bay County Assembly Car Loan and Mortgage Fund Regulations, 2016, which provides that an application for loan shall be accompanied by supporting relevant documents.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effects processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

The 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 controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

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

I also provide the 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

05 September, 2022

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND

Reports and Financial Statements

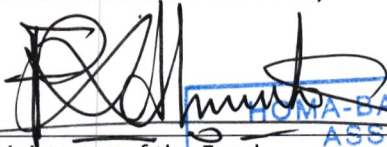
For the year ended June 30, 2021

5. FINANCIAL STATEMENTS

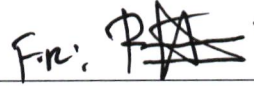
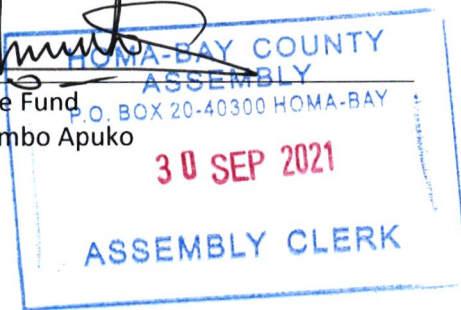
5.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Interest income	1	4,688,858	5,545,556
Total revenue			
Expenses			
General expenses	2	6,566,558	5,694,593
Interest Refunded on Car Loan conversion to CarGrant		6,936,718	0
Total expenses		13,503,276	5,694,593
Deficit for the period		(8,814,418)	(149,037)

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 : Faith Adhiambo Apuko



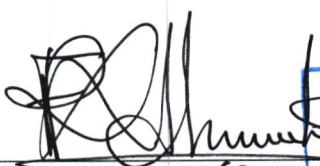
Fund Accountant
Name: CPA Jacinter Adede

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

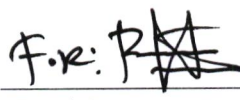
5.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	3	2,789,676	60,189,358
Receivables from HBCA Operations	4	97,997,398	
Current Loan Repayment Due	5	37,968,901	
Non-Current assets			
Long term Loan Repayment Due	6	163,663,598	
Total assets		302,419,574	60,189,358
Liabilities			
Non-current liabilities			
Long term portion of borrowings	6	0	(257,890,291)
Total liabilities		0	(257,890,291)
Net assets			
Revolving Fund	7	338,501,866	345,347,524
Accumulated surplus	8	(36,082,291)	(27,267,874)
Total net assets and liabilities		302,419,574	60,189,358

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: Faith Adhiambo Apuko



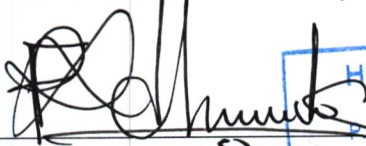

 Fund Accountant
 Name: Jacinter Adede

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

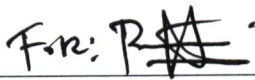
5.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
5477527				
Balance as at 1 July 2019	324,501,866	-	(27,118,837)	297,383,029
Surplus/(deficit) for the period	-	-	(149,037)	(149,037)
Funds received during the year	40,000,000	-	-	40,000,000
Balance as at 30 June 2020	364,501,866	-	(27,267,874)	337,233,992
Balance as at 1 July 2020	364,501,866	-	(27,267,874)	337,233,992
Surplus/(deficit) for the period	-	-	(8,814,417)	(8,814,417)
Funds received during the year	98,000,000	-	-	98,000,000
Car Grant Issued	(124,000,000)	-	-	(124,000,000)
Balance as at 30 June 2021	338,501,866	-	(36,082,291)	302,419,574

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: Faith Adhiambo Apuko



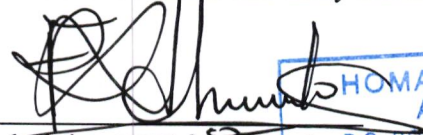
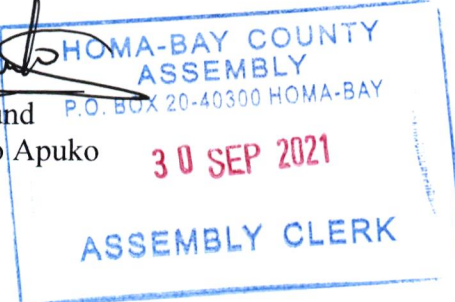

 Fund Accountant
 Name: Jacinter Adede

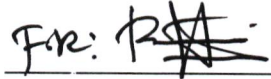
HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2021

5.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Interest received	1	4,688,858	5,545,555
Exchequer Received		98,000,000	40,000,000
Total Receipts		102,688,858	45,545,555
Payments			
General expenses	2	6,566,558	5,694,593
Transfer to HBCA Operations	4	9,459,679	46,727,846
Car Grant	9	91,582,400	-
Total Payments		107,608,637	52,422,439
Net cash flows from operating activities		(4,919,778)	(6,876,883)
Cash flows from investing activities			
Loan Principal Repayment		59,520,097	67,514,012
Loan disbursements paid out		(112,000,000)	(88,350,000)
Net cash flows used in investing activities		(52,479,903)	(20,835,987)
Cash flows from financing activities			
Repayment of borrowings		0	0
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(57,399,682)	(27,712,871)
Cash and cash equivalents at 1 JULY 2020	3	60,189,358	87,902,229
Cash and cash equivalents at 30 JUNE 2021		2,789,676	60,189,358

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: Faith Adhiambo Apuko



 Fund Accountant
 Name: Jacinter Adede

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE LOAN FUND

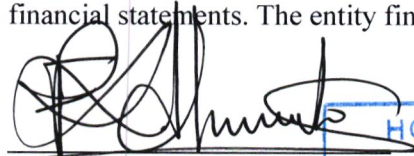
Reports and Financial Statements

For the year ended June 30, 2021

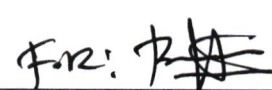
5.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.	80,000,000	18,000,000	98,000,000	98,000,000	0	100%
Interest income	4,688,858	-	4,688,858	4,688,858	0	100%
Total income	84,688,858	18,000,000	102,688,858	102,688,858	0	100%
Expenses						
Fund administration expenses	6,566,558	-	6,566,558	6,566,558	-	100%
General expenses	-	-	-	-	-	0%
Total expenditure	6,566,558	-	6,566,558	6,566,558	-	

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: Faith Adhiambo Apuko

Fund Accountant
Name: Jacinter Adede

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE FUND
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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Statement of compliance and basis of preparation

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

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

2) Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Homa Bay 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. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in page 12 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Where the 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 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Homa Bay County Assembly Car and Mortgage 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 fund creates and maintains reserves in terms of specific requirements.

11) Changes in accounting policies and estimates

The 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 fund provides 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14) Borrowing costs

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

15) Related parties

The 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the Fund Administrator and the 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 Homa Bay County Car and Mortgage is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the Homa Bay County Executive.

20) Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21) Significant judgments and sources of estimation uncertainty

The preparation of the Homa Bay Assembly Car and Mortgage 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.

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 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Fund Management assesses the credit quality of each Staff and MCA, 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 company'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. The Staff 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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from customers. The Fund management sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 on-going 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 Management 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.

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7. NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest income from loans (mortgage or car loans)	4,688,858	5,545,555
Total interest income	4,688,858	5,545,555

2. General expenses

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Insurance Expenses	0	3,000,000
Management Expenses	6,302,400	2,621,400
Bank Charges	27,790	19,380
Other Expenses	236,368	53,813
Total	6,566,558	5,694,593

3. Cash and cash equivalent

Financial institution	Account number	FY2020/2021	FY2019/2020
		KShs	KShs
a) Current account			
Equity Bank	0980162413604	2,789,676	59,920,133
Equity Bank	0980260411231	0	269,225
Sub- total		2,789,676	60,189,358
Grand total		2,789,676	60,189,358

4. Receivables from HBCA Operations

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current Receivables		
2018 Bal c/f	35,564,115	35,564,115
2019 Bal c/f	6,245,758	6,245,758
2020 Bal c/f	46,727,846	46,727,846
2021 Bal clf	9,459,679	-
Total Current receivables	97,997,398	88,537,719

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5. Current Loan Repayment Due

Description	FY2020/2021	FY2019/2020
	KShs	KShs
October 2017 repayment	3,826,513	3,826,513
July 2019 repayment	7,778,397	7,778,397
Feb 2021 repayment	5,389,579	
Mar 2021 repayment	5,293,676	
Apr 2021 repayment	5,293,676	
May 2021 repayment	5,230,915	
June 2021 repayment	5,156,145	
Total	37,968,901	11,604,910

6. Long Term Repayment Due

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Loan Balances from MCAs Car Loan	-	-
Loan Balances from MCAs Mortgage	53,881,682	
Loan Balances from Staff Car Loan	6,636,104	
Loan Balances from Staff Mortgage	103,145,811	
Total	163,663,598	-

7. Revolving fund

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Revolving Fund	338,501,866	<i>Restated</i> 364,501,866
Total	338,501,866	364,501,866

8. Accumulated surplus

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Surplus from Previous year	(27,267,874)	(27,118,837)
Surplus for the year	(8,814,417)	(149,037)
Total	(36,082,291)	(27,267,874)

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9. Car Grant Analysis

NO.	NAME				TOTAL REPAYMENT TO DATE (CAR GRANT)
1	HON	ELIZABETH ATIENO AYOO			4,000,000
2	HON	OKEYO	JAMES	OCHIENG	1,402,361
3	HON	MARIEBA	EVANCE	DADA	1,402,361
4	HON	OUMA	OSCAR	ABOHOTE	1,402,361
5	HON	KAULA	PETER	OJWANG	1,402,361
6	HON	GAYA	JULIUS	ODHIAMBO	1,481,034
7	HON	OMORO	ELLYPHALET	OSURI	1,402,361
8	HON	OKWACH	KENNETH	ORANGA	1,481,034
9	HON	OKOMBO	PHILIMON	NYARINGO	1,402,361
10	HON	ONYANGO	PHILIMON	ONDITI	1,402,361
11	HON	OJALA	MARY	ODIRA	1,402,361
12	HON	NYANGI	MICHAEL	OJALA	1,481,034
13	HON	ONGORO	JEFF	OCHIENG	1,402,361
14	HON	OKELLO	GEORGE	OCHIENG	1,402,361
15	HON	PAUL	ONGORO	WAMUNGA	1,402,361
16	HON	OLOO	DAVID	ODHIAMBO	1,402,361
17	HON	NICHOLAS	ODAWO	AYIETA	1,402,361
18	HON	ACHIENG	JOASH	OTIENO	1,402,361
19	HON	AWINO	CHARLES	OWITI	1,402,361
20	HON	JOAN	MINSARI	OGADA	1,402,361
21	HON	ADIKA	PAUL	ODHIAMBO	1,402,361
22	HON	WERE	DAN	OCHIENG	1,402,361
23	HON	PETER	JOHN	NJIRA	1,402,361
24	HON	MUOK	WALTER	WERE	1,402,361
25	HON	ODIRA	MICHAEL	ONYANGO	1,402,361
26	HON	OBONDO	BOB	BENARD	1,402,361
27	HON	OCHOLA	JOEL	MOLA	1,402,361
28	HON	ODENY	MORICE	OGWANG	1,402,361
29	HON	RAPHAEL	ODONGO	OUMA	1,402,361
30	HON	MIREGI	PAUL	OKUKU	1,402,361
31	HON	ORIEMA	PETER	ASOYO	1,402,361
32	HON	AWUOR	PETER	JUMA	1,481,034
33	HON	NICHOLAS	OWAKA	OTIENO	1,402,361
34	HON	ORIEMA	GEOFFREY	OTIENO	1,402,361
35	HON	OKETCH	ELLYAS	ORONDO	1,402,361
36	HON	JOSHUA	OKUMU	NYABOLAH	1,402,361
37	HON	OGINDO	RICHARD	OUMA	1,402,361

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38	HON	NYAMBOK	JULIUS	S.	1,494,044
39	HON	JOHN	OTIENO	KIASA	1,481,034
40	HON	JOHN	MATUNGA	MIRERI	1,481,034
41	HON	GODFREY	JUMA	ANYANGO	1,402,361
42	HON	NELLY	ANYANGO	ODEK	1,402,361
43	HON	RUTH	ANYANGO	OMBURA	1,402,361
44	HON	OSMAIL	AMINA	HILLGW	1,402,361
45	HON	NANCY	ANYANGO	ORINA	1,402,361
46	HON	DWALO	ESTHER	ROSE	
47	HON	ONYANGO	KEVIN	OTIENO	1,402,361
48	HON	OGUNDA	MILLICENT	NYABOKE	1,402,361
49	HON	GAYA	MARY	ANYANGO	1,402,361
50	HON	OMOGI	JUDITH	AKINYI	1,402,361
51	HON	PAMELA	AKINYI	OKOTH	1,319,051
52	HON	LORNA	AOKO	OWINO	1,402,361
53	HON	SALOME	ANYANGO	AWINO	1,402,361
54	HON	K'AKACH	EDWINS	OCHIENG	1,402,361
55	HON	OTIENO	EVALYNE	ACHIENG	1,402,361
56	HON	JESSICA	OTIENO		1,402,361
57	HON	KICHE	JANE	OJOWI	1,402,361
58	HON	SALIM	SOPHIE	AKINYI	1,402,361
59	HON	ONDIEK	MONOFLORITA		1,402,361
60	HON	OKETCH	NEREAH	AMONDI	1,402,361
61	HON	ONYANGO	SUSAN	AKOTH	1,402,361
62	HON	PHOEBE	OKOTH	OWAYO	2,000,000
				TOTAL	91,582,400

HOMA BAY COUNTY ASSEMBLY CAR AND MORTGAGE FUND
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**8. 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)
1	Trial Balance not provided	Already provided with the latest responses	Resolved	Sept 2021
2	Unreconciled Cashflow Statement	Issue is being resolved by Management	Unresolved	Dec 2021
3	Dormant Bank Account	The Bank Balances had been disclosed and Erroneous credit of Kshs. 269,225 reversed.	Resolved	Sept 2021
4	Irregular Borrowing	The Management is yet to refund the borrowed funds from Mortgage Account	Unresolved	Dec 2021
5	Unsupported cash withdrawals	The support documents had already been	Resolved	Sept 2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		provided by the Management		
6	Unsupported Cash Transfer	Management had already provided the details of the transfer	Resolved	Sept 2021
7	Loan Defaulters	The Management is resolving the matter with the defaulters	Unresolved	Dec 2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Meru County Microfinance Corporation is only mandated to undertake offering credit and financial literacy to residents of Meru County and beyond. They do not undertake any other project.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
No Projects undertaken						

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APPENDIX III: INTER-ENTITY TRANSFERS


ENTITY NAME:		Meru County Microfinance Corporation		
Break down of Transfers from County Government of Meru				
FY 2020/2021				
a. Direct Payments				
	<u>Bank Statement Date</u>		<u>Amount (KShs)</u>	<u>Indicate the FY to whi</u>
	09/09/2020		5,000,000	2020/2021
	09/09/2020		40,000,000	2020/2021
	26/01/2021		15,000,000	2020/2021
	19/04/2021		5,000,000	2020/2021
	11/05/2021		10,000,000	2020/2021
	07/06/2021		10,000,000	2020/2021
	Total		85,000,000	
	Total		85,000,000	

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

Finance Manager
Meru County Microfinance Corporation

Head of Accounting Unit
Meru County

Sign *Smath*

Sign 

**COUNTY GOVERNMENT OF MERU
MERU COUNTY MICROFINANCE CORPORATION**

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development	Total Amount – KES	Where Recorded/recognized					during the Year Total Transfers
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Meru County Government	09/09/2020	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000
Meru County Government	09/09/2020	Recurrent	40,000,000	40,000,000	-	-	-	-	40,000,000
Meru County Government	26/01/2021	Recurrent	15,000,000	15,000,000	-	-	-	-	15,000,000
Meru County Government	19/04/2021	Recurrent	5,000,000	5,000,000	-	-	-	-	5,000,000
Meru County Government	11/05/2021	Recurrent	10,000,000	10,000,000	-	-	-	-	10,000,000
Meru County Government	07/06/2021	Recurrent	10,000,000	10,000,000	-	-	-	-	10,000,000
Total			85,000,000	85,000,000	-	-	-	-	85,000,000

