

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY	
DATE: 21 OCT 2021	
TABLED BY:	LOMP
CHECK-AT-TABLE:	Maira Wanjiku

THE AUDITOR-GENERAL

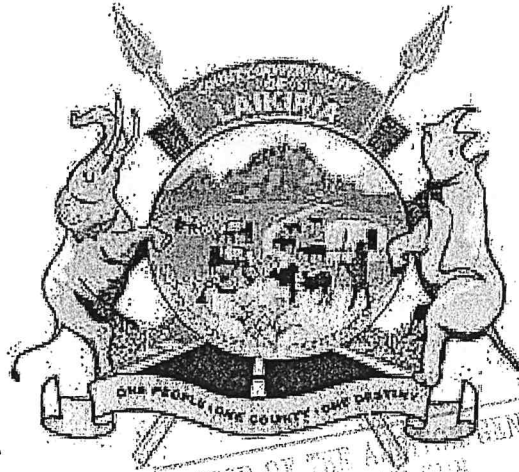
ON

**LAIKIPIA COUNTY EXECUTIVE
CAR LOAN AND MORTGAGE
SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2016**



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COUNTY GOVERNMENT OF LAIKIPIA

CAR AND MORTGAGE FUND

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE, 2016

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

COUNTY GOVERNMENT OF LAIKIPIA
Car and Mortgage Fund Reports and Financial Statements
For the period ended 30th June, 2016

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1. KEY ENTITY INFORMATION 2 AND MANAGEMENT

a) Background Information

The Laikipia County Car and Mortgage Fund was established pursuant to provisions of Public Finance Management Act, 2014 through enactment of the Public Finance Management (County Executive Member Mortgage Scheme Fund) Regulations 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014.

Under Public Finance Management (County Executive Member Mortgage (Members) Scheme Fund) Regulations 2014, the County Government of Laikipia intended to grant financial accommodation to the County Executive Committee Members for purposes of purchase, development, renovation or repair of residential property or any connected purpose as prescribed under the regulations.

Under Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014 the County intends to grant a loan to the County Executive Committee Members to be utilized for purposes of purchase of Motor Vehicles for personal and official use.

The Car and Mortgage Fund was therefore to

- To purchase an existing house for residential purposes within Kenya
- To improve, renovate or repair a residential property owned by the applicant.
- To construct a house for residential purposes within Kenya.
- To purchase vacant plots for the purpose of developing a residential property for the applicant.
- To purchase a motor vehicle for personal or official use by the applicant.
- To offset a loan or the balance thereof which the applicant may have borrowed from any Financial Institution obtained for any purpose stipulated above.

The management of the Fund is vested in the Loans Management Committee consisting of:

- (a) County Executive Committee -Finance who shall be the chairperson;
- (b) the chairperson of the Members' Welfare Committee of the Executive Committee ;
- (c) two other members appointed by the County Executive Committee -finance

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The officer administering the Car and the Mortgage Loan shall be the County Secretary

The County Government of Laikipia contracted the UNISON Sacco to administer the loan fund and provide all the requisite management services for purposes of disbursements and recovery of facilities granted to the County Executive Committee Members pursuant to the terms and conditions as set out in the regulations.

b) Fiduciary Management

The key management personnel who held office during the financial period and who had direct fiduciary responsibility were:

Designation	Department/ Entity	Name
Ag. County Secretary	County Government of Laikipia	Charles Nderitu

c) Fiduciary Oversight Arrangements

- County Assembly of Laikipia (County Assembly budget committee and the County Assembly Public Account Committee and Public Investment Committee)
- Senate budget committee in public finance.
- The Controller of Budget.
- Auditor-General

d) County Government of Laikipia Headquarters

P.O. Box 1271 - 10400
Interim County Headquarter Building
Kenyatta Avenue
Nanyuki, KENYA

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e) Entity Contacts

Telephone: (254) 0202352720
E-mail: treasury@laikipiacounty.go.ke
Website: www.laikipiacountygovernment.go.ke

f) Bankers for County Government of Laikipia Executive Car and Mortgage Fund.

UNISON Sacco
Nanyuki, Kenya.

g) Independent Auditors

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

h) Principal Legal Advisor

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

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2. FORWARDED BY THE CEC – FINANCE AND ECONOMIC PLANNING

This County Government of Laikipia Reports and Financial Statement is prepared in accordance with the Public Financial Management Act, 2012. Sections 164 of the Act provides for the preparation of the County Government of Laikipia Reports and Financial Statement respectively, by the County Treasury.

The County Government of Laikipia Reports and Financial Statement presents the recent economic developments and actual fiscal performance of the FY 2015/2016 and makes comparisons to the budget appropriations for the same year. It further provides a comprehensive and financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper.

The annual financial Statements 2015/2016 is prepared taking into account resources required for the implementation of a devolved government, which, among other things, provides for fiscal decentralization of resources to the county entities and reforms to several institutions. The ensuing MTEF resource allocation therefore will be critical in laying the foundation and setting the stage for full operationalization of the new devolved units within Laikipia County.

The statements also provides an overview of how the actual performance of the FY 2015/2016 affected the compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2015 county fiscal strategy paper.

The link between policy, planning and budgeting continues being a critical as provided for in the Constitution and County Government Act. The financial statements play a critical role in the preparation of budgets and management of public resources. To strengthen the budget preparation process, the County government will continue to embrace programme based budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery.

COUNTY GOVERNMENT OF LAIKIPIA
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The County is committed in upholding the trend of stable macroeconomic performance and ensure transparency by relaying performance indicators to the public. This will be realized through publications as required by the Constitution and the PFM Act.

DUNCAN MWARIRI
CEC-FINANCE AND ECONOMIC PLANNING

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the financial year ended on June 30, 2016. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the County Government;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2016, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 28th July 2016.



County Secretary



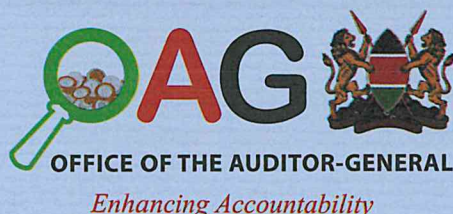
Head of County Treasury - Accounting

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4. REPORT OF THE INDEPENDENT AUDITOR

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 LAIKIPIA COUNTY EXECUTIVE CAR AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2016

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Executive Car and Mortgage Fund, set out on pages 11 to 38, which comprise the statement of financial position as at 30 June, 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of 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 Laikipia County Executive Car and Mortgage Fund as at 30 June, 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of the Financial Statements

The statement of comparison of budget and actual amounts for the year ended 30 June, 2016 reflects under revenue, budgeted and actual amounts of Kshs.17,432,956 and Kshs.15,852,232 relating loan repayments, respectively. However, the loan repayments is not a revenue item and no justification was provided by Management for inclusion of the loan repayments as a revenue item in the statement of comparison of budget and actual amounts.

Under the circumstances, the accuracy of the financial statements presented for audit could not be confirmed.

2. Long-Term Receivables from Exchange Transactions

As disclosed in Note 12 to the financial statements, the statement of financial position reflects a negative balance of Kshs.17,452,139 under long term receivables from exchange transactions as at 30 June, 2016. However, the balance is not supported with

a detailed analysis and Management did not provide an explanation on the negative balance under an asset account, which ordinarily should reflect a debit or nil balance.

Consequently, the accuracy, completeness and validity of the long-term receivables from exchange transactions balance of Kshs.17,452,139 as at 30 June, 2016 could not be ascertained.

3. Cash and Cash Equivalents

The statement of financial position as at 30 June, 2016 reflects a balance of Kshs.26,652,185 under cash and cash equivalents while the statement of cash flows reflects an amount of Kshs.10,799,953 as at the same date, resulting in a variance of Kshs.15,852,232 which was not explained or reconciled.

Under the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.26,652,185 as at 30 June, 2016 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Executive 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.

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

Late Submission of Financial Statements

The Fund's financial statements for the year ended 30 June, 2016 were submitted for audit on 9 May, 2019, thirty-one (31) months after the statutory deadline of 30 September, 2016.

The Fund's Management was, therefore, 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 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 sustaining 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

06 October, 2021



Laikipia County Executive Car and Mortgage Fund
 Reports and Financial Statements
 For the year ended June 30, 2016

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF FINANCIAL PERFORMANCE

	Note	FY2015/2016	FY2014/2015
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2		55,000,000
Fines, penalties and other levies	3		-
			-
Revenue from exchange transactions			-
Interest income	4	1,599,907	-
Other income	5		-
			-
Total revenue		1,599,907	55,000,000
Expenses			-
Fund administration expenses	6	799,954	-
Staff Costs	7		-
General expenses	8		-
Finance costs	9		-
Total expenses		799,954	-
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		799,954	55,000,000

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 28th July 2016 and signed by:



Administrator of the Fund
 Name: KARANJA HJORA



Head of Treasury-Accounting
 Name: DK HAKALI
 ICPAK Member Number:

Laikipia County Executive Car and Mortgage Fund
 Reports and Financial Statements
 For the year ended June 30, 2016

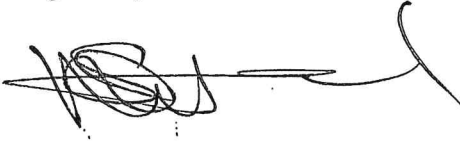
5.2. STATEMENT OF FINANCIAL POSITION

	Note	FY2015/2016	FY2014/2015
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	26,652,185	10,000,000
Current portion of long term receivables from exchange transactions	12	46,599,907	45,000,000
Prepayments	13		-
Inventories	14		-
			-
Non-current assets			-
Property, plant and equipment	15		-
Intangible assets	16		-
Long term receivables from exchange transactions	12	(17,452,139)	-
			-
Total assets		55,799,953	55,000,000
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17		-
Provisions	18		-
Current portion of borrowings	19		-
Employee benefit obligations	20		-
			-
Non-current liabilities			
Non-current employee benefit obligation	20		-
Long term portion of borrowings	19		-
			-
Total liabilities			-
Net assets			-
Revolving Fund			-
Reserves			-
Accumulated surplus		55,799,953	55,000,000

COUNTY GOVERNMENT OF LAIKIPIA
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Total net assets and liabilities		55,799,953	55,000,000
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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 28th July 2016 and signed by:



Administrator of the Fund
Name: KARAHITA MIJOOA



Head of Treasury-Accounting
Name: B R NAUMU
ICPAK Member Number:

Laikipia County Executive Car and Mortgage Fund
 Reports and Financial Statements
 For the year ended June 30, 2016

5.3. STATEMENT OF CHANGES IN NET ASSETS

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KSh	KSh	KSh
Balance as at 1 July 2014	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	55,000,000	55,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2015	-	-	-	55,000,000
Balance as at 1 July 2015	-	-	-	55,000,000
Surplus/(deficit) for the period	-	-	799,953	799,953
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2016	-	-	-	55,799,953

(Provide details on the nature and purpose of reserves)

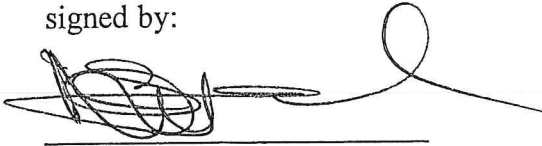
**Laikipia County Executive Car and Mortgage Fund
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5.4. STATEMENT OF CASHFLOWS

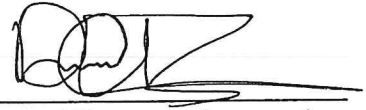
	Note	FY2015/2016	FY2014/2015
		KShs	KShs
Cashflowsfromoperatingactivities			
Receipts			
Publiccontributionsanddonations		-	-
Transfers from the County Government		-	55,000,000
Interest received		1,599,907	-
Receipts from other operating activities		-	-
Total Receipts		1,599,907	55,000,000
Payments			
Fund administration expenses		- (799,954)	-
General expenses		-	-
Financecost		-	-
Total Payments		(799,954)	-
Netcash flowsfromoperatingactivities	21	799,953	55,000,000
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibleassets		-	-
Proceedsfromsaleofproperty,plantand equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	(45,000,000)
Netcashflowsusedininvestingactivities		-	(45,000,000)
Cashflowsfromfinancingactivities			
Proceedsfromrevolving fund receipts		-	-
Additional borrowings		-	-
Repaymentofborrowings		-	-
Netcashflowsusedinfinancingactivities		-	-
Netincrease/(decrease)incashandcash equivalents		799,953	10,000,000
Cashandcashequivalentsat1JULY 2015	11	10,000,000	-
Cashandcashequivalentsat30 JUNE 2016	11	10,799,953	10,000,000

COUNTY GOVERNMENT OF LAIKIPIA
Car and Mortgage Fund Reports and Financial Statements
For the period ended 30th June, 2016

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 28th July 2016 and signed by:



Administrator of the Fund
Name: KARAHIA HIORA



Head of Treasury Accounting
Name: DR. MUGUTI
ICPAK Member Number:

5.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Appropriations	Final budget	Amounts comparable	Performance difference	% variation
	FY2015/2016 KShs	FY2015/2016 KShs	FY2015/2016 KShs	FY2015/2016 KShs	FY2015/2016 KShs	FY2015/2016
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.						
Loan repayments due	17,432,956		17,432,956	15,852,232	1,580,724	91
Interest income	1,512,401	-	1,512,401	1,599,907	(87,506)	106
Other income	18,945,357	-	18,945,357	17,452,139	1,493,218	92
Total income	-	-	-	-	-	
Expenses						
Fund administration expenses	756,201	-	756,201	799,954	(43,753)	106
Staff costs	-	-	-	-	-	
General expenses	-	-	-	-	-	
Finance cost	-	-	-	-	-	
Total expenditure	756,201	756,201	-	799,954	(43,753)	106
Surplus for the period	18,189,157	18,189,157		16,652,186	1,536,971	91.6

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

3. Budget information

The original budget for FY 2014/2015 was approved by the County Assembly on 15th April, 2015. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund at Unison Sacco didn't record additional appropriations

The entity's budget was prepared on 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 prepared using the accrual basis. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Financial instruments

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.

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

5. Changes in accounting policies and estimates

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Related parties

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

7. 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.

8. Comparative figures

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

9. Events after the reporting period

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

10. Ultimate and Holding Entity

The Laikipia County Car and Mortgage Fund was established pursuant to provisions of Public Finance Management Act, 2014 through enactment of the Public Finance Management (County Executive Member Mortgage Scheme Fund) Regulations 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014. Its ultimate parent is the County Government of Laikipia

11. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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.

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 receivables.

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 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2017				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2018				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) 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 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2017				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Market risk

The fund relies with the Laikipia County Government 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.

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5.6. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

The fund did not receive public contributions and donations.

2. Transfers from County Government

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Transfers from County Govt. – operations	-	55,000,000
Payments by County on behalf of the entity	-	-
Total	-	55,000,000

3. Fines, penalties and other levies

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Interest income from loans(mortgage or car loans)	1,599,907	-
Total interest income	1,599,907	-

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5. Other income

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Saving interest	-	-
Total other income	-	-

6. Fund administration expenses

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Fund administration expenses - UNISON	799,954	-
Professional services costs	-	-
Total	799,954	-

7. Staff costs

Description	FY2015/2016	FY2014/2015
	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)

8. General expenses

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses - commission on saving interest earned	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Interest on Bankoverdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain on disposal of assets

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY2015/2016	FY2014/2015
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	26,652,185	10,000,000
Others	-	-
Total cash and cash equivalents	26,652,185	10,000,000

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		FY2015/2016	FY2014/2015
Financial Institution	Account Number	KSh.	KSh.
a) Fixed deposits account			
		-	-
		-	-
Sub- total		-	-
b) On - call deposits			
		-	-
		-	-
Sub- total		-	-
c) Current account			
UNISON SACCO		26,652,185	10,000,000
		-	-
Sub- total		26,652,185	10,000,000
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		26,652,185	10,000,000

12. Receivables from exchange transactions

Description	FY2015/2016	FY2014/2015
	KSh.	KSh.
Current Receivables		
Balance b/d	45,000,000	-
new loan issued	-	45,000,000
Other Charges Added to Principal Loan:		
- Court Servers charges added to principal loans	-	-
Interest receivable	1,599,907	-
Current loan repayments due	-	-
Other exchanged debtors	-	-

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Less: impairment allowance	-	-
Total Current receivables	46,599,907	45,000,000
Non Current receivables		
Long term loan repayments due	(15,852,232)	-
Interest received	(1,599,907)	
Total Non-current receivables	(17,452,139)	-
Total receivables from exchange transactions	29,147,768	45,000,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

14. Inventories

Description	FY2014/2015	FY2013/2014
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
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 KShs	Motor vehicles KShs	Furniture and fittings KShs	Computers and office equipment KShs	Leasehold Intangible Assets
At 1 st July 2016	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2017	-	-	-	-	-
At 1 st July 2017	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1 st July 2016	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2017	-	-	-	-	-
At 1 st July 2017	-	-	-	-	-

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Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2018	-	-	-	-	-
Net book values					
At 30th June 2017	-	-	-	-	-
At 30th June 2018	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2014/2015	FY2013/2014
	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	FY2014/2015	FY2013/2014
	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	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
Total provisions	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2014/2015	FY2013/2014
	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 domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

Description	FY2014/2015	FY2013/2014
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
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	FY2014/2015	FY2013/2014
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Particulars	Retired 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

	FY 2014/2015	FY 2013/2014
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

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) Key management;
- d) Board of Trustees; etc

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY 2014/2015	FY 2013/2014
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY 2014/2015	FY 2013/2014
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	FY 2014/2015	FY 2013/2014
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY 2014/2015	FY 2013/2014
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	FY 2014/2015	FY 2013/2014
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

**Laikipia County Executive Car and Mortgage Fund
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(Give details)

24. Other Grants and Transfers

	FY2015/2016	FY2014/2015
	KShs	KShs
Withdrawal of unutilised fund	-	-
Transfers to New Mortgage Account	-	-
Total	-	-

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6. PROGRESS ON FOLLOW UP OF AUDITOR 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	Focal Point person to resolve the issue (Name and designation)	Status (Resolved/Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)

Guidance Notes:

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