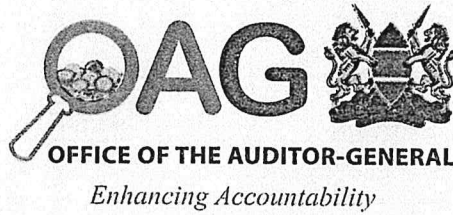


BCA 2

REPUBLIC OF KENYA

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



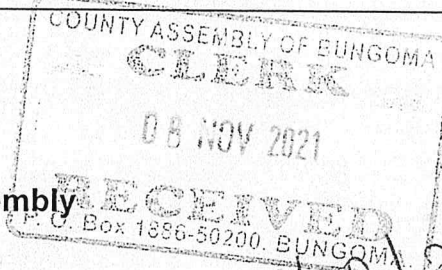
C. Ass Employees
Car Loan &
mortgage

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

BCASFC&M/2018/2019/ (16)

02 November 2021

Mr. John Mosongo
Clerk to the Bungoma County Assembly
P.O. Box 1886-50200
MANDERA *Bungoma*



*Tabled on 14/11/2021
at 2:30 p.m
14/11/2021
PAC Committee*

Dear Mr. Mosongo,

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF
BUNGOMA COUNTY ASSEMBLY – EMPLOYEE CAR LOAN AND MORGAGE FUND
FOR THE YEAR ENDED 30 JUNE 2019

I transmit the report of the Auditor-General on the examination of the financial statements of Bungoma County Assembly – Employee Car Loan and Mortgage Fund for the year ended 30 June 2019. The report is submitted in accordance with the provisions of Article 229(7) of the Constitution for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely,

David M. Njoka
For: AUDITOR-GENERAL

*PCA
HBC - R. K. S. Long
9/11/21*

Copy to: The Principal Secretary
National Treasury
P.O. Box 30007-00100
NAIROBI

Mr. Jeremiah Nyegenye, CBS
Clerk to the Senate
P.O. Box 41842-00100
NAIROBI

County Executive Member - Finance
Bungoma County Government
P.O. Box 1886- 50200
BUNGOMA

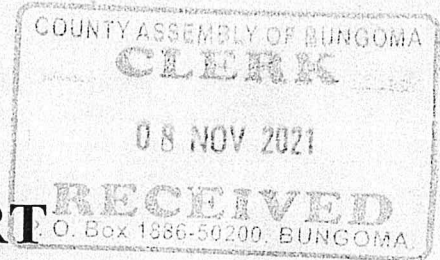
*TABLED ON
10/11/2021
AT 2:30 P.M
14/11/2021
Committee - PAC*

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

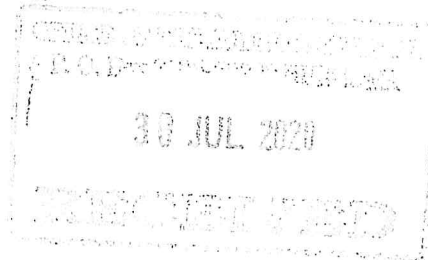
OF

THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY ASSEMBLY - EMPLOYEE
CAR LOAN AND MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**



**BUNGOMA COUNTY ASSEMBLY – EMPLOYEE CAR LOAN AND MORTGAGE
FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

TABLE OF CONTENTS

TABLE OF CONTENTS	ii
1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
2. FUND ADMINISTRATION COMMITTEE AND MANAGEMENT TEAM	v
FUND ADMINISTRATION COMMITTEE AND MANAGEMENT TEAM (<i>Continued</i>)	vi
3. FUND CHAIRPERSON'S REPORT	viii
4. REPORT OF THE FUND ADMINISTRATOR	ix
5. CORPORATE GOVERNANCE STATEMENT	x
6. MANAGEMENT DISCUSSION AND ANALYSIS	xii
7. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	xiii
8. REPORT OF THE INDEPENDENT AUDITOR	xiv
9. FINANCIAL STATEMENTS	1
9.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019.....	1
9.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019	3
9.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019.....	4
9.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 TH JUNE 2019.....	6
9.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
9.7. NOTES TO THE FINANCIAL STATEMENTS.....	14
10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	19

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Bungoma County Assembly Employees' Car Loan and Mortgage Fund is established by and derives its authority and accountability from The Bungoma County Assembly (Employees' Car Loan Scheme Fund) Regulations, 2017 on 16th January 2017 and The Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018 on 19th April 2018. The Fund is wholly owned by the County Assembly of Bungoma and is domiciled in Kenya.

The fund's objective is to;

- a) Provide a loan scheme for the purchase of vehicles and purchase, development, renovation or repair of residential houses to members of the scheme
- b) Raise funds for the implementation of the objectives contemplated in (a) above

b) Fund Administration Committee

Ref	Name	Position
1	Hon Francis Chemion	Chairman
2	Michael Muthui Kimwele	Vice Chair
3	John Ongwae Mosongo	Fund Administrator
4	Francis Simiyu Tome	Member
5	Ignatius Wangila	Member
6	Ann Nang'oni Wekesa	Member
7	Julia Naliaka Lunani	Member

c) Key Management

Ref	Name	Position
1	John Ongwae Mosongo	Accounting Officer
2	Julia Naliaka Lunani	Senior Accounts Officer
3	Charles Wanjala Wafula	Accountant
4	Ann Nang'oni Wekesa	Human Resource Manager

d) Registered Offices

P.O. Box 1886 - 50200
County Assembly of Bungoma Offices
Moi Street
Bungoma, KENYA

e) Fund Contacts

Telephone: (254) 722585582
E-mail: info@bungomaassembly.go.ke
Website: www.bungomaassembly.go.ke

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Bungoma Branch
P.O. BOX 201-50200
Bungoma, KENYA

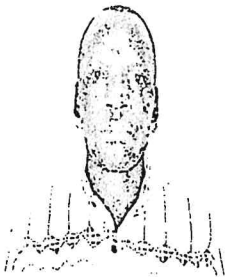
g) Independent Auditors

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

h) Principal Legal Adviser

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

2. FUND ADMINISTRATION COMMITTEE AND MANAGEMENT TEAM



Hon Francis Chemion
FUND CHAIRMAN



Michael Muthui Kimwele
VICE CHAIR



John Ongwae Mosongo
FUND ADMINISTRATOR



Francis Simiyu Tome
MEMBER



Ignatius Wangila
MEMBER



AnnNang'oni Wekesa
MEMBER



Julia Naliaka Lunani
MEMBER



Charles Wanjala Wafula
FUND ACCOUNTANT

FUND ADMINISTRATION COMMITTEE AND MANAGEMENT TEAM (Continued)

Hon Francis Chemion – Fund Chairman

He was elected MCA Kaptama Ward in August 2017 and the leader of Minority in October 2017 and a member to the County Assembly Service Board.

Michael Kimwele – Vice Chair

He is employed as Deputy Clerk to County Assembly of Bungoma since 2013. He holds a master of Business Administration from Maseno University. He is a certified Human Resource Practitioner and a member of the Institute of Human Resource Management and Kenya Institute of Management. He previously worked with the defunct Local Authority in various in various capacities.

John Ongwae Mosongo – Clerk to County Assembly of Bungoma

Mr Mosongo was seconded by the transition Authority as the Clerk to the Assembly on February 2013. He was later recruited through a competitive process as the Clerk to County Assembly of Bungoma and Secretary to the County Assembly Board on 12th January 2014. He is the CEO and the adviser to the Speaker.

Mr Mosongo holds a Bachelor of Arts Degree from University of Nairobi. He has undertaken a Senior Management Course and Strategic Leadership Course offered by the Kenya School of Government. Mr Mosongo is a member of the Labour relations at the Society of Clerks at the Table (SOCATT).

Francis Tome – Member

He is employed as a Principal Clerk Assistant at County Assembly of Bungoma. He holds Masters of Arts in communication and media studies from University of Nairobi. He previously worked as a lecturer at Bushangala Technical Training Institute under Teachers Service Commission. He was also a part time lecturer in Communication and Media studies at Mt Kenya University.

Ignatius Wangila- Member

He is currently employed by the County Assembly Service Board as the Principal Legal Counsel. He holds a Bachelor of Law from Kampala International University with a post graduate Diploma from the Kenya School of Law. He previously worked as prosecution counsel with the directorate of Public Prosecutions. He also worked with the following Law firms MS J.O. Makali & Co. Advocate – Litigation Counsel, MS Wanyama Wanyonyi Co. Advocate – Associate. He is a member of the Law Society of Kenya.

Anne Nang'oni Wekesa – Member

She is employed at the County Assembly of Bungoma as Senior Human Resource Officer, She holds a Bachelor in Business Management (HRM) from Moi University, Higher National Diploma in HRM and Senior Management Course at the Kenya School of Government. She

*Bungoma County Assembly – Employee Car Loan and Mortgage Fund
Reports and Financial Statements
For the year ended June 30, 2019*

previously worked with the defunct Local Authorities. She is a member of the Institute of Human Resource Management.

Julia Naliaka Lunani – Member

She is currently employed at the County Assembly as Senior Accounts Controller in 2014. She holds a Masters of Business Administration (Finance) from Kabarak University and a Certified Public Accountant Part I. She previously worked as Finance and Administration Officer at the Centre for Human Rights and Democracy.

Charles Wanjala Wafula- Fund Accountant

He works in the Finance and Accounts department as Accountant I and seconded to the Fund in June 2018. He holds a bachelor in Commerce (Accounting) from KCA University with a Diploma in Accounts and CPA Part I. He has also had training at Kenya School of Government Senior Management Course and Strategic Leadership and Development Program.

3. FUND CHAIRPERSON'S REPORT

It is my pleasure to present the County Assembly of Bungoma Employee Car Loan and Mortgage fund financial statements for the year ended 30th June 2019. 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.

Review of performance

Income

The fund earned revenues amounting to Kshs. 15,000,000 from the exchequer. The income from interest income amounted to Kshs 1,956,545

Expenditures

The total expenditures during the period amounted to Kshs. 526,868 meant to undertake fund administration expenses with regard to transfer of logbooks to be conjoined (between the County Assembly and the member of the scheme), hospitality related activities and bank charges.

Appreciation

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

I look forward to your continued support in the year 2019/2020.

Signed: _____



Hon. Francis Chemion
Fund Administration Chairman

4. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the County Assembly of Bungoma Employee car loan and mortgage financial statements for the year ended 30th June 2019. The financial statements present the financial performance of the fund over the past year.

The fund was established on February 2017 and started with an initial amount of Kshs 80M in the financial year 2017/2018. Under the financial year under review the fund has disbursed loans to 10 additional beneficiaries.

Financial Performance

a) Revenue

Revenue received from the Transfers from County Treasury amounted to Kshs 15,000,000 with an Interest Income of Ksh 1,956,545 for the period under review.

Revenue classification	Actual (Kshs)
Revenue	Kshs
Transfers from County Govt.	15,000,000
Interest income	1,956,545
Total income	16,956,545

b) Loans

During the financial year 2018/2019, the fund disbursed Car loan and mortgage of Kshs.21,100,000 bringing the total loan beneficiaries to date to Kshs.95,132,000.

c) Cash flows

In the FY 2018/2019, we have not had many liquidity disruptions. The cash and cash equivalents was Kshs 869,186 as at 30th June 2019.

d) Conclusion

FY 2018/2019 was a good year in general. I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Bungoma Employee Car Loan and Mortgage achieves its mission.

Signed: _____

JOHN ONGWAE MOSONGO
FUND ADMINISTRATOR

5. CORPORATE GOVERNANCE STATEMENT

THE FUND

The county assembly of Bungoma Employee Car Loan and Mortgage scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans and mortgage to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the fund administration committee at its apex. The roles and functionality of the fund are drawn from the Bungoma County Assembly (Employees' Car Loan Scheme Fund) regulations, 2017 made on 16th January, 2017 and The Public Finance Management (Bungoma County Assembly) (Employees' Mortgage Scheme Fund) Regulations, 2018 on 19th April 2018.

AUDIT AND RISK COMMITTEE

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the Fund Administration Committee engages an audit and risk committee established by County Assembly Service Board. The members of this committee during the year under review were:

S/No.	Name	Position in committee
1	Mr. Calistus Wekesa Waswa	Chairman Audit committee
2	Dr. Destaings N. Nyongesa	Member Audit committee
3	CPA Jackson Wetosi	Member Audit committee
4	Mrs. Diana Khaemba	Member Audit committee
5	Mr. Alfred Makokha	Secretary Audit committee

STATEMENT OF COMPLIANCE

The Fund Administration Committee confirms that the fund has throughout the FY2018/2019 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fringe benefit tax is expected to be paid by the employer (County Assembly Service Board).

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The Fund Administration Committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and

the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. No significant failings or weaknesses were identified during the FY 2018/2019.

Management Team

The management team headed by the Fund Administrator implements the Loans Management Committee decisions and policies through committee meetings. The team meets regularly to ensure that the Committee's objectives are achieved effectively and efficiently.

Auditor

The fund is audited by the Auditor-General.

6. MANAGEMENT DISCUSSION AND ANALYSIS

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

The fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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 members with an established credit history.

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

BUSINESS PERFORMANCE

Revenue

Revenue received from the Transfers from County Treasury amounted to Kshs 15,000,000 with an Interest Income of Ksh 1,956,545 for the period under review.

Cash flows

In the FY 2018/2019, we have not had many liquidity disruptions. The cash and cash equivalents was KShs 869,186 as at 30th June 2019.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been the offering car loans and mortgage to members of staff. The county government has supported the fund and has made provisions to increase the allocation of the fund.

7. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) regulations, 2017 made on 16th January, 2017 and The Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018 on 19th April 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

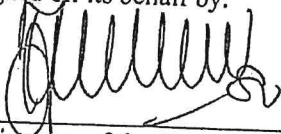
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Bungoma County Assembly (Employees’ Car Loan Scheme Fund) regulations, 2017 made on 16th January, 2017 and The Public Finance Management (Bungoma County Assembly) (Employees’ Mortgage Scheme Fund) Regulations, 2018 on 19th April 2018. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2019, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on _____ 2019 and signed on its behalf by:



Administrator of the County Public Fund