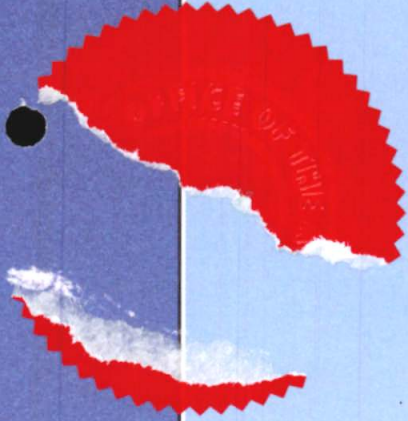


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**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**HOMABAY COUNTY EXECUTIVE CAR  
AND MORTGAGE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

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**HOMABAY COUNTY GOVERNMENT EXECUTIVE CAR &  
MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2025**

---

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

***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**2. Key Entity Information and Management**

**a) Background information**

The Homa Bay County Executive Car Loan and Mortgage (Members) Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14<sup>th</sup> February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 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 Executive 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 17<sup>th</sup> December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising there from, the Homa Bay County Executive approved and adopted the Staff Loans Policy Paper on December 2016.

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

**b) Principal Activities**

The Fund's principal activities are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

**Vision**

“To ensure better housing to Staffs and improved mobility at affordable cost”

**Mission**

“To provide affordable, accessible and sustainable car loans and Mortgage to Homa Bay County Executive staff.”

**Core Values**

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

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**c) Fund Administration Committee**

Ref	Name	Position
1	Hon. Solomon Okello Obiero	Chairperson
2	Mr. Alphonce Werah	Fund Administrator
3	Counsel Fredrick Orego	Member
4	Mr. Sephaniah Okello Sita	Member
5	Mr. Laban Ayoo	Member
6	Mr. David Kumo	Fund Accountant

**d) Key Management team**

Ref	Name	Position
1	Hon. Solomon Okello Obiero	Chairperson
2	Mr. Alphonce Werah	Fund Administrator
3	Mr. David Kumo	Fund Accountant

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Daniel Ochieng Anyango

**f) Registered Offices**

P.O. Box 469-40300  
Council Building/House/Plaza  
Homa Bay –Rongo Road/Highway  
Homa Bay, KENYA

**g) Fund Contacts**

Telephone: +254 20 38617565/55  
E-mail: [executive@homabay.go.ke](mailto:executive@homabay.go.ke)  
Website: [www.homabaycounty@.go.ke](http://www.homabaycounty@.go.ke)

***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Diamond Trust Bank LTD  
DTB Centre, Mombasa Road  
P.O BOX 61711-00200  
Nairobi, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**







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

**k) County Attorney**

County Attorney  
Homabay County Government  
P.O Box 469- 40300  
Homabay

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**




**3. Board of Trustees/ Fund Administration Committee**

Name	Details of qualifications and experience
1. Hon. Solomon Okello Obiero 	Masters in Business Administration
2. Mr. Alphonse Werah 	Master in Business Administration CPA-K
3. Counsel Fredrick Orego 	Bachelor of Laws-LLB, Law
4. Mr. Laban Ayoo 	Master in Business Administration CPA-K
5. CPA Sephaniah Okello Sita 	Bachelor of Commerce (Accounting) CPA-K
6. Mr. David Kumo 	Bachelor of Commerce (Finance) CPA-K

*Homabay County Government Executive Car & Mortgage Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**4. Management Team**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. Hon. Solomon Okello Obiero 	Master in Business Administration Chairperson
2. CPA Alphonse Werah 	Master in Business Administration CPA-K Fund Administrator
3. Mr. David Kumo 	Bachelor of Commerce (Finance) CPA-K Fund Accountant

**5. Fund Chairperson’s Report**

**Changes during the year**

During the year under review, the Fund experienced minimal structural changes, though there were notable adjustments in the management team. An Acting Fund Manager and an Acting Fund Accountant were appointed to strengthen operational oversight and streamline financial reporting. These changes are expected to enhance governance, accountability, and service delivery to our staff beneficiaries.

**Review of performance**

The Fund continued to serve its core mandate of providing affordable car and mortgage financing to County Executive staff. Despite reduced transfers from the County Government compared to the previous year, prudent financial management ensured that the Fund recorded a surplus of Kshs. 368,445. Loan uptake remained steady, with more staff accessing mortgage and car loan facilities, contributing to improved staff welfare and productivity.

**Future outlook**

Going forward, the Fund seeks to expand its loan coverage, improve turnaround time in processing applications, and leverage technology for more efficient service delivery. Plans are also underway to enhance sustainability by exploring mechanisms to increase revolving fund inflows and reduce reliance on county transfers.

**Other matters**

The Fund acknowledges the importance of strong governance and risk management. Emphasis will continue to be placed on compliance with IPSAS standards, robust credit risk management, and transparent reporting. We remain committed to aligning our operations with the County’s overall financial and development priorities.

**Conclusion**

In conclusion, I wish to thank the County Government of Homa Bay, the Salaries and Remuneration Commission, and all stakeholders for their continued support. I also commend the Fund’s management team for their dedication and resilience. Together, we will continue to strengthen this Fund to provide affordable and sustainable financial solutions for our staff.



Name SOLOMON OBIERO Signature ..... Date 26-9-2025

Chairperson of the Fund

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**6. Report of The Fund Administrator**

I am pleased to present the Fund Administrator's Report for the financial year ended 30th June 2025.

During the year, the Fund received transfers from the County Government amounting to Kshs. 40 million compared to Kshs. 56 million in the previous year. Interest income from car and mortgage loans stood at Kshs. 3.61 million, while miscellaneous income amounted to Kshs. 0.369 million.

The Fund's assets closed at Kshs. 249.6 million, slightly higher than the Kshs. 207.9 million recorded in the prior year. This was mainly due to a decline in non-current receivables as more loan repayments shifted to the current portion. Cash and cash equivalents increased significantly to Kshs. 129.7 million from Kshs. 97.6 million in 2024, reflecting prudent management of resources and improved liquidity.

In terms of service delivery, more County Executive staff accessed car and mortgage facilities, thereby improving their housing and mobility. The Fund maintained a strong repayment record and effective credit risk management.

Looking ahead, the Fund aims to sustain growth by increasing access to affordable loans, strengthening monitoring and evaluation of repayments, and leveraging digital solutions to streamline loan processing. With continued support from the County Government and stakeholders, the Fund remains well positioned to fulfill its mandate sustainably.

Name ALPHONCE NERAH Signature  Date 26-SEPT-2025

Fund Administrator

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

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

The management is in the process of establishing a strategic plan for the fund to:

- a) Provide quality physical infrastructure in the County
- b) Provide access to car loan for the staff members authorized to be facilitated by the fund.
- c) Provide access to mortgage loans for the staff members authorized to be facilitated by the fund.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Provision of Mortgage facilities to all members of staff</b>	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	<b>During FY ,20 Members of staff accessed the facility and were able build their own houses</b>

## **8. Corporate Governance Statement**

The Homa Bay County Executive Car and Mortgage Fund is committed to upholding the principles of transparency, accountability, integrity, and efficiency in the management of public resources. The Fund operates under the Public Finance Management (PFM) Act, 2012 and in compliance with International Public Sector Accounting Standards (IPSAS).

### ***Governance Structure***

The Fund is domiciled under the Department of Finance and Economic Planning, headed by the County Executive Committee Member (CEC) for Finance, who provides overall policy oversight. Day-to-day management rests with the Fund Administrator, supported by the Fund Accountant, and subject to internal audit review. Fiduciary oversight is exercised through the Directorate of Internal Audit, while the Auditor-General undertakes external audits as required by law.

### ***Roles and Responsibilities***

The Fund's governance framework emphasizes prudent financial management, compliance with applicable regulations, effective risk management, and the safeguarding of assets. The Fund Administrator ensures operational efficiency, while the CEC provides strategic guidance in alignment with county priorities.

### ***Board and Management Conduct***

All officers associated with the Fund are expected to adhere to high ethical standards, avoiding conflicts of interest and ensuring fair and transparent loan processing. Regular reporting to the County Treasury and the Salaries and Remuneration Commission (SRC) ensures accountability and compliance with set guidelines.

### ***Meetings and Oversight***

The Fund held periodic management review sessions during the year to monitor loan performance, cash flows, and policy implementation. Internal audit reviews were conducted to assess the effectiveness of controls and risk mitigation measures.

### ***Future Governance Outlook***

The Fund seeks to further strengthen its governance by formalizing a governance charter, enhancing staff capacity through training, and adopting digital solutions for transparency in loan management. Emphasis will also be placed on continuous risk management and compliance monitoring to ensure sustainability.

In conclusion, the Fund remains firmly committed to sound governance practices that foster public confidence and ensure that resources are utilized prudently for the intended purpose of improving staff welfare.

***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**9. Management Discussion and Analysis**

The financial year ended 30th June 2025 was characterized by both challenges and progress for the Homa Bay County Executive Car and Mortgage Fund.

**Financial Performance**

During the year, the Fund received transfers from the County Government amounting to Kshs. 40 million compared to Kshs. 56 million in the previous year. Interest income from car and mortgage loans stood at Kshs. 3.61 million, while miscellaneous income amounted to Kshs. 0.369 million.

**Asset Position**

The Fund's assets closed at Kshs. 249.6 million, slightly higher than the Kshs. 207.9 million recorded in the prior year. This was mainly due to a decline in non-current receivables as more loan repayments shifted to the current portion. Cash and cash equivalents increased significantly to Kshs. 129.7 million from Kshs. 97.6 million in 2024, reflecting prudent management of resources and improved liquidity

**Operational Performance**

Loan uptake during the year remained stable, with more staff benefiting from mortgage and car loan facilities. This enhanced staff welfare and contributed to productivity within the County Executive. Loan repayments were strong, with minimal defaults, ensuring sustainability of the revolving fund.

**Risks and Challenges**

The major challenges faced included reduced transfers from the County Government, which may affect future lending capacity, and the need to automate loan processing systems to improve efficiency. Additionally, credit risk remains a concern, though mitigated through stringent vetting and monitoring mechanisms.

**Future Outlook**

Looking ahead, the Fund plans to enhance operational efficiency through digitization, improve credit risk management, and explore innovative ways of expanding the revolving fund. With continued stakeholder support, the Fund is well-positioned to sustain its mandate of providing affordable financing solutions to County Executive staff.

## **10. Environmental and Sustainability Reporting**

### **a. Sustainability Strategy and Profile**

The Homa Bay County Executive Car & Mortgage Fund recognizes the importance of embedding sustainability in all aspects of its operations. As a public fund whose primary role is to improve staff welfare through access to affordable housing and mobility facilities, the Fund acknowledges that its activities indirectly impact the environment, the community, and long-term economic development.

The Fund aligns its sustainability approach with global frameworks such as the Sustainable Development Goals (SDGs), particularly **SDG 8 (Decent Work and Economic Growth)**, **SDG 11 (Sustainable Cities and Communities)**, and **SDG 13 (Climate Action)**. Locally, the Fund observes the provisions of the Public Finance Management (PFM) Act, 2012, as well as national environmental policies guiding responsible financing and governance.

During the 2024/2025 financial year, the Fund prioritized prudent resource use, efficient loan processing, and integration of eco-conscious considerations in mortgage financing, such as encouraging energy-efficient housing designs and sustainable mobility options.

### **b. Environmental Performance**

Although the Fund's core business is financial in nature and does not directly involve large-scale infrastructure development, it indirectly influences environmental outcomes through loan beneficiaries who construct homes or purchase vehicles. The Fund therefore promotes environmentally responsible practices by:

- **Housing and Mortgage Loans:** Encouraging applicants to adopt sustainable building practices, such as use of local materials, energy-saving designs, rainwater harvesting systems, and solar lighting.
- **Car Loans:** Advocating for the acquisition of fuel-efficient vehicles to reduce carbon emissions, and promoting compliance with the National Transport and Safety Authority's (NTSA) roadworthiness and emission control standards.
- **Paperless Operations:** Progressively transitioning toward digitization of records and loan applications, thereby reducing paper usage and improving operational efficiency.
- **Waste Management:** Implementing office waste segregation and recycling measures, including the use of reusable materials to minimize non-biodegradable waste.

To strengthen environmental performance, the Fund intends to collaborate with other county entities to promote **green building codes** and **eco-mobility initiatives**, in line with Kenya's climate change policies.

**c. Employee Welfare and Social Sustainability**

The Fund acknowledges that sustainability extends beyond environmental impact to include **social and human capital development**.

- **Workforce Diversity and Inclusion:** The Fund promotes fair employment practices, ensuring equal opportunity for all employees regardless of gender, age, or disability. Special consideration is given to youth and persons with disabilities (PWDs) in compliance with national diversity guidelines.
- **Capacity Building:** Staff members are supported through continuous professional development programs, particularly in financial management, governance, and customer service. This ensures high standards of accountability and efficient service delivery.
- **Occupational Health and Safety:** The Fund complies with the Occupational Safety and Health Act (OSHA, 2007), maintaining a safe and conducive workplace. There were no major work-related injuries reported during the year under review.
- **Employee Well-being:** Work-life balance is encouraged, and wellness initiatives such as stress management awareness and medical coverage are provided in partnership with the County Government.

**d. Market Practices and Stakeholder Engagement**

The Fund is committed to maintaining responsible and transparent relationships with stakeholders, including staff beneficiaries, the County Government, regulatory bodies, and the general public.

- **Responsible Competition:** The Fund ensures fairness in the processing of loans by adhering strictly to SRC guidelines and the Staff Loans Policy. Loan beneficiaries are vetted transparently, reducing the risk of favoritism or corruption.
- **Supplier Relations:** Procurement activities comply with the Public Procurement and Asset Disposal Act (PPADA), emphasizing competitive sourcing, prompt payments, and allocation of opportunities to women, youth, and PWD-owned enterprises.
- **Public Communication:** The Fund maintains open communication through regular financial reporting, stakeholder briefings, and publication of its annual reports. This fosters public trust and confidence in the governance of the Fund.

**e. Community Engagement and Corporate Social Responsibility (CSR)**

Although the Fund's mandate is primarily focused on staff welfare, it acknowledges its broader role in contributing to county-wide social and environmental objectives. During the year, the Fund supported CSR activities in collaboration with the County Government, including:

- **Tree Planting Campaigns:** Supporting County initiatives to increase forest cover and mitigate climate change effects.

***Homabay County Government Executive Car & Mortgage Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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- **Public Awareness Forums:** Participating in county sensitization programs on responsible financial management and sustainable housing.
- **Community Development:** Encouraging beneficiaries of mortgage loans to adopt community-friendly designs, such as shared water facilities, safe sanitation, and accessible housing for persons with disabilities.

These activities reinforce the Fund’s commitment to aligning with the county’s development agenda while safeguarding the environment and uplifting the community.

**f. Future Sustainability Outlook**

Looking forward, the Fund plans to:

1. **Digitize Loan Services** – adopting a paperless, automated loan management system to reduce environmental impact and enhance efficiency.
2. **Promote Green Financing** – integrating environmental compliance checks into mortgage financing, such as requiring environmental impact considerations for large housing projects.
3. **Partnerships** – collaborating with development partners, financial institutions, and environmental bodies to promote sustainability in housing and mobility.
4. **Monitoring and Evaluation** – establishing key sustainability indicators to track performance in environmental, social, and governance (ESG) dimensions.

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**11. Report of The Trustees**

The Trustees of the Homa Bay County Executive Car & Mortgage Fund submit their report together with the audited financial statements for the year ended 30th June 2025.

**Principal Activities**

The Fund's principal mandate is to provide affordable car loans and mortgage facilities to County Executive staff in line with the Salaries and Remuneration Commission (SRC) guidelines and the County Staff Loans Policy. The Fund operates as a revolving facility to enhance staff welfare and productivity.

**Fund Performance**

During the year, the Fund received transfers from the County Government amounting to Kshs. 40 million compared to Kshs. 56 million in the previous year. Interest income from car and mortgage loans stood at Kshs. 3.61 million, while miscellaneous income amounted to Kshs. 0.369 million. The Fund's assets closed at Kshs. 249.6 million, slightly higher than the Kshs. 207.9 million recorded in the prior year. This was mainly due to a decline in non-current receivables as more loan repayments shifted to the current portion. Cash and cash equivalents increased significantly to Kshs. 129.7 million from Kshs. 97.6 million in 2024, reflecting prudent management of resources and improved liquidity.

**Governance and Oversight**

The Trustees continued to exercise oversight to ensure that the Fund complied with statutory requirements, adhered to IPSAS standards, and upheld principles of accountability and transparency. No material governance issues were noted during the reporting period.

**Future Outlook**

The Trustees remain confident that with continued support from the County Government, the Fund will sustain its revolving capacity, enhance access to affordable loans, and progressively integrate digital solutions to improve efficiency.

**Auditors**

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

By Order of the Board



**Solomon Okello Obiero**

**Chair of the Fund**

**Date:** 26-9-2025

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**12. 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 Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/WH/3/14 of 14th February 2014, operationalized under the Public Finance Management Regulations, 2014* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board (PSASB).

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, **2025**. 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Salaries and Remuneration Commission Circular establishing the Fund*. 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, **2025**, and of the Fund's financial position as at that date. The Administrator further confirms 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.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 26/09/ 2025 and signed on its behalf by:



**CPA Alphonse Werah  
Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON HOMABAY COUNTY EXECUTIVE CAR AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Homabay County Executive Car and Mortgage Fund set out on pages 1 to 27, which comprise of the statement of financial

position as at 30 June 2025 and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Homabay County Executive Car and Mortgage Fund as at 30 June, 2025 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 (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2017, Public Finance Management (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Accuracy of Long-Term Receivables from Non-Exchange Transactions**

The statement of financial position as disclosed in Note 11B to the financial statements reflect a balance of Kshs.47,150,126 in respect of long-term receivables from exchange transactions. However, review of supporting schedules provided for audit revealed a balance of Kshs.47,705,361 resulting to unexplained variance Kshs.555,235.

In the circumstances, the accuracy of the Kshs.47,150,126 in respect to long-term receivables from exchange transactions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Homabay County Executive Car and Mortgage Fund Management in accordance with ISSAI 130 on the 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on a comparable basis of Kshs.3,701,000 against Kshs.4,026,387 resulting to over-realization of Kshs.325,387 or 9%. Further, the Fund had actual expenditure of

Kshs.3,657,942 against budgeted expenditure of Kshs.3,701,000 resulting to under-utilization of the budget by Kshs.43,058 or 1%.

In the circumstances, the underutilization may impact negatively on service delivery to the members.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources. respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following eight (8) issues remained unresolved:

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Non-Compliance with the Prescribed Financial Reporting Framework
2	2023/2024	Inaccuracies and Unsupported Amount in the Financial Statements
3	2023/2024	Unconfirmed Receivables from Exchange Transactions Balances
4	2023/2024	Budgetary Control and Performance
5	2023/2024	Failure to Prepare Separate Financial Statements
6	2023/2024	Lack of an Approved Budget
7	2023/2024	Failure to Register Charges on Mortgaged Properties and Jointly Register Log Books on Car Loans to Members
8	2023/2024	Failure to Insure Mortgaged Properties and Motor Vehicles on Car Loans

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion

and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Homabay County Executive Car and Mortgage Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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**

#### **1. Registration of Charges on Mortgaged Properties and Joint Registration of Log Books on Car Loans to Scheme Members**

The statement of financial position as disclosed in Note 11B to financial statements reflects a balance of Kshs.47,150,126 in respect of long-term receivables from exchange transactions. However, management did not provide for audit review documentation regarding registration of charges on mortgaged properties and joint registration of logbooks on car loan to the beneficiaries for audit review.

In the circumstances, management is in breach of Regulation 20(b) of the Public Finance Management (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2017 which requires the mortgage institution to charge the property acquired through from loan from the Fund to protect the interests of the Fund and act as the custodian of such charges and Regulation 9(2) of the Public Finance Management (Homa County Executive Car Loan (Members) Scheme Fund) Regulations, 2017 which requires that the log book of a vehicle subject to a loan from the Fund be issued jointly between

the Board and the member of the Scheme and shall be kept in custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme. In the circumstances, Management was in breach of the law.

## **2. Failure to Insure Mortgaged Properties and Motor Vehicles Car Loans**

The statement of financial position as disclosed in Note 11B to financial statements reflects a balance of Kshs.47,150,126 in respect of long-term receivables from exchange transactions. However, review of documents provided for audit revealed that the management did not provide documentation to support insurance of mortgaged properties contrary and the motor vehicle purchase through a loan from the Fund contrary to Regulation 17(1) and (2) of the Public Finance Management (Homa Bay County Executive Mortgage (Members) Scheme Fund) Regulations, 2017.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Board of Trustees**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Trustees are responsible for overseeing the Fund's, financial reporting process, reviewing the effectiveness of how 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2025

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government			56,000,000
			<b>56,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	7	3,616,632	4,252,500
Other Income	8	369,409	0.00
		<b>3,986,041</b>	<b>4,252,500</b>
<b>Total Revenue</b>		<b>3,986,041</b>	<b>60,252,500</b>
<b>Expenses</b>			
Use of Goods & Services	9	3,617,596	1,094
<b>Total Expenses</b>		<b>3,617,596</b>	<b>1,094</b>
<b>Surplus/(Deficit) for the Period</b>		<b>368,445</b>	<b>60,251,406</b>



Name: Alphonse Werah  
Administrator of the Fund  
ICPAK Member Number: 3637



Name: David Oduor Kumo  
Fund Accountant  
ICPAK Member Number: Assoc/1263

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Financial Position As at 30 June 202**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	129,724,646	97,594,216
Current Portion of Long- Term Receivables from Exchange Transactions	11A	49,765,376	37,907,783
<b>Total current assets</b>		<b>179,490,022</b>	<b>135,501,999</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	11B	47,150,126	72,447,155
Long Term Receivables from Non-Exchange Transactions	12	22,952,942	
<b>Total non- current assets</b>		<b>70,103,068</b>	<b>72,447,155</b>
<b>Total Assets (A)</b>		<b>249,593,090</b>	<b>207,949,154</b>
<b>Represented By:</b>			
Revolving Fund		243,500,000	147,697,748
Accumulated Surplus		6,093,090	60,251,406
<b>Net Assets</b>		<b>249,593,090</b>	<b>207,949,154</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15<sup>th</sup> September, 2025 and signed by:



**Name: CPA Alphonse Werah**  
**Administrator of the Fund**  
**ICPAK Member Number: 3637**



.....  
**Name: David Oduor Kumo**  
**Fund Accountant**  
**ICPAK Member Number: Assoc/1263**

**Homabay County Government Executive Car & Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July,2023</b>	147,500,000	0.00	1,473,239	148,973,239
Surplus/(Deficit) For the Period	0.00	-	4,251,406	4,251,406
Funds Received During the Year	56,000,000	-		56,000,000
Transfers	0.00			
Revaluation Gain	0.00	0.00	-	0.00
<b>Balance As At 30 June,2024</b>	<b>203,500,000</b>	<b>0.00</b>	<b>5,724,645</b>	<b>209,224,645</b>
<b>Balance As At 1 July,2024</b>	<b>203,500,000</b>	<b>0.00</b>	<b>5,724,645</b>	<b>209,224,645</b>
Surplus/(Deficit) For the Period	0.00	-	368,445	368,445
Funds Received During the Year	40,000,000	-	-	40,000,000
Transfers	0.00		-	-
Revaluation Gain	-	0.00	-	-
<b>Balance As At 30 June,2025</b>	<b>243,500,000</b>	<b>0.00</b>	<b>6,093,090</b>	<b>249,593,090</b>

*Homabay County Government Executive Car & Mortgage Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the county government			56,000,000
Interest Income	7	3,616,632	4,252,500
Receipts from other operating activities	8	369,409	
<b>Total receipts</b>		<b>3,986,041</b>	<b>60,252,500</b>
<b>Payments</b>			
Fund administration expenses	9A	3,616,632	1,094
General expenses	9B	964	0.00
Finance cost		0.00	0.00
Other payments		0.00	0.00
<b>Total Payments</b>	9	<b>3,617,596</b>	<b>1,094</b>
<b>Net cash flows from operating activities</b>		<b>368,445</b>	<b>60,251,406.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		0,00	0.00
Proceeds from sale of property, plant & equipment		0.00	0.00
Proceeds from loan principal repayments		47,345,617	28,320,000
Loan disbursements paid out		(15,583,560)	(30,673,594)
<b>Net cash flows used in investing activities</b>		<b>31,762,057</b>	<b>(2,353,594)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0.00	0.00
Additional borrowings		0.00	0.00
Repayment of borrowings		0.00	0.00
<b>Net cash flows used in financing activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>32,130,502</b>	<b>57,897,812</b>
Cash and cash equivalents at 1 July,2024	10	97,594,216	41,713,340
<b>Cash and cash equivalents at 30 June,2025</b>	10	<b>129,724,646</b>	<b>97,594,216</b>

*Homabay County Government Executive Car & Mortgage Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Receipts</b>						
Transfers From County Government	40,000,000	0.00	40,000,000	40,000,000	0.00	100%
Interest Income	3,701,000	0.00	3,701,000	3,656,978	44,022	98.81%
Other Income	0.00	0.00	0.00	369,409	(369,409)	100%
<b>Total Income</b>	<b>3,701,000</b>	<b>0.00</b>	<b>3,701,000</b>	<b>4,026,387</b>	<b>(325,387)</b>	<b>108.79%</b>
<b>Expenses</b>						
Fund Administration Expenses	3,700,000	-	3,700,000	3,656,978	43,022	98.83%
Finance Cost	1,000	0.00	1,000	964	36	96.40%
<b>Total Expenditure</b>	<b>3,701,000</b>	<b>0.00</b>	<b>3,701,000</b>	<b>3,657,942</b>	<b>43,058</b>	<b>98.83%</b>
<b>Capital expenditure</b>	<b>40,000,000</b>	<b>0.00</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>0.00</b>	<b>100%</b>
<b>Surplus For the Period</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>368,445</b>	<b>(368,445)</b>	<b>100%</b>

**Homabay County Government Executive Car & Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	368,445
1	Reason for differences	0.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>368,445</b>

## 19. Notes to the Financial Statements

### Significant Accounting Policies

#### 1. General Information

Homabay County Government Executive Car & Mortgage Fund is established by and derives its authority under the legal framework of section 167 of the Public Finance Management Act 2012. The entity is wholly owned by the Homa Bay County Government and is domiciled in Kenya. The entity's principal activity is to provide car and mortgage loans to members of the County Executive Staff.

#### 2. 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.

#### 3. Adoption of new and revised standards

*(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

There were no new and amended standards issued in the financial year.

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires,

<p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol>

**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

#### **4. Summary of Significant Accounting Policies**

##### **a) 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.

##### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

##### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

##### **b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on July 2024, 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 recorded additional appropriations on the FY 2024/2025 budget following the governing body's approval.

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

### **Summary of Significant Accounting Policies (Continued)**

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 cash flows has been presented.

#### **c) 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.

##### **a) 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.

##### **b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

## **Summary of Significant Accounting Policies (Continued)**

### **c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Financial assets**

##### **Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

##### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

## **Summary of Significant Accounting Policies (Continued)**

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

## **Summary of Significant Accounting Policies (Continued)**

### **Financial liabilities**

#### **Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

#### **d) 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.

#### **e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

## **Summary of Significant Accounting Policies (Continued)**

### **g) Contingent liabilities**

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

### **Contingent assets**

The Entity 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.

### **h) Nature and purpose of reserves**

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

### **i) Employee benefits – Retirement benefit plans**

The Entity 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.

**Summary of Significant Accounting Policies (Continued)**

**j) 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.

**k) 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.

**l) 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.

**m) 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.

**n) Comparative figures**

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

## **Summary of Significant Accounting Policies (Continued)**

### **5. Significant judgments and sources of estimation uncertainty**

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

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

#### **a) Estimates and assumptions –**

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

#### **b) Useful lives and residual values**

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

- 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

#### **c) 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 xxx.

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.

**Notes To the Financial Statements Continued**

**6. Transfers from County Government**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations		56,000,000
<b>Total</b>	<b>0.00</b>	<b>56,000,000</b>

**7. Interest income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest Income from Mortgage & Car Loans	3,616,632	4,252,500
<b>Total Interest Income</b>	<b>3,616,632</b>	<b>4,252,500</b>

*This are 3% interest charged on outstanding loans*

#### 8. Other income

Description	FY 2024/2025	FY 2024/2025
	Kshs	Kshs
Miscellaneous Income	369,409	0.00
<b>Total Other Income</b>	<b>369,409</b>	<b>0.00</b>

#### 9. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Administration Fees	3,616,632	00
Bank Charges	964	1,094
Total	3,617,596	1,094

#### 10. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Homa Bay County Government Car & Mortgage Fund Account	129,724,646	97,594,216

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

Financial Institution	Account number	FY 2024/2025	FY 2024/2024
		Kshs	Kshs
<b>a) Current Account</b>			
Diamond Trust Bank	0912819001	129,724,646	97,594,216
<b>Sub- Total</b>		<b>129,724,646</b>	<b>97,594,216</b>
<b>Grand Total</b>		<b>129,724,646</b>	<b>97,594,216</b>

**11. Receivables from exchange transactions**

Description	FY 2024/2025	FY 2024/2025
	Kshs	Kshs
<b>a) Current Receivables</b>		
Current Loan Repayments Due	49,765,376	37,907,783
Less Repayments	(47,345,617)	(28,320,000)
<b>Total Current Receivables</b>	<b>2,419,759</b>	<b>9,587,783</b>
<b>b) Non-Current Receivables</b>		
Long Term Loan Repayments Due	47,150,126	72,447,155
Loans Disbursed during the year	(15,583,560)	30,673,594
<b>Total Non- Current Receivables</b>	<b>31,566,566</b>	<b>103,120,749</b>
<b>Total Receivables From Exchange Transactions</b>	<b>33,986,325</b>	<b>112,708,532</b>

**12. Receivables from Non – Exchange Transactions**

Description	FY 2024/2025	FY 2024/2025
	Kshs	Kshs
<b>Non – Current Receivables</b>		
Long Term Loan Repayments Due	22,952,942	
<b>Total Receivables from Non – Exchange Transactions</b>	<b>22,952,942</b>	

### 13. Financial risk management

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

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

#### a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Pas t due Ksh s	Impaired Kshs
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	33,986,325	33,986,325	0.00	0.00
Receivables From Non-Exchange Transactions	22,952,942	22,952,942	0.00	0.00
Bank Balances	129,724,646	129,724,646	0.00	0.00
<b>Total</b>	<b>186,663,913</b>	<b>186,663,913</b>	0.00	0.00
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	110,354,938	110,354,938	0.00	0.00
Receivables From Non-Exchange Transactions	0.00	0.00	0.00	0.00
Bank Balances	97,594,216	97,594,216	0.00	0.00
<b>Total</b>	<b>207,949,154</b>	<b>207,949,154</b>	0.00	0.00

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

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

**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.

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

### **Foreign currency sensitivity analysis**

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

#### **ii. Interest rate risk**

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

#### ***Management of interest rate risk***

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

#### ***Sensitivity analysis***

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

**d) Capital risk management.**

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Revolving fund	243,500,000	147,853,823
Accumulated surplus	6,093,090	60,095,331
<b>Total funds</b>	<b>249,593,090</b>	<b>207,949,154</b>
Total borrowings	0.00	0.00
Less: cash and bank balances	129,724,646	97,594,216
Net debt/(excess cash and cash equivalents)	119,868,444	110,354,938
<b>Gearing</b>	<b>48%</b>	<b>53.07%</b>

**14. Events after the reporting period**

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

**15. Currency**

The financial statements are presented in Kenya Shillings (Kshs) and amounts rounded off to shillings.

Annexes

**Annex I: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.1	Lack of approved budget.	The management prepared a Car and Mortgage Fund budget as was advised by the Audit Report	In the current financial year there is an approved budget.	FY 2024/2025
4.2	Inaccuracies in the Financial Statements	The management has made adjustments to address the opening balances, change in net assets and Statement of Comparison of Budget and Actual Amounts.	In the current financial statement the management has made clear the opening balances	FY 2024/2025
4.3	Unsupported Interest Income	The management has addressed the Audit Finding by acknowledging receipt and expenditure	The Management has had a discussion with the service provider on disclosures towards Interest income and documents supporting this will be provided henceforth	FY 2024/2025

Homabay County Government Executive Car loan & Mortgage fund  
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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)
4.4	Failure to disclose transfers from the County Government in the Financial Statements	The management has addressed the Audit Finding by disclosing the Transfers from the county Government in the Change in Net Assets	The management has disclosed the transfers from the county government in the change in net assets.	FY 2024/2025
4.5	Undisclosed Prior Year Audit Matters	The management has addressed this Audit Finding by disclosing the Audit Findings	Discussed	FY2024/2025

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....26.09.25.....

**Homabay County Government  
Executive Car & Mortgage Fund**

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**Annex II: Inter-Fund Confirmation Letter**

The County Government of Homabay Car and Mortgage Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Homa Bay County Car and Mortgage Fund as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2025				Amount Received by Homabay County Car & Mortgage Fund (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
PV09/01	20.09.2024	12,000,000	-	-	12,000,000	12,000,000	0.00
PV12/01	2.12.2024	8,000,000	-	-	8,000,000	8,000,000	0.00
PV12/02	30.12.2024	8,000,000	-	-	8,000,000	8,000,000	0.00
PV06/01	30.06.2025	12,000,000	-	-	12,000,000	12,000,000	0.00
<b>Total</b>		<u>40,000,000</u>			<u>40,000,000</u>	40,000,000	0.00

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

**Name: Sephaniah Okello Sita**

**Sign** ..... 

**Date** ..... 26/07/2025