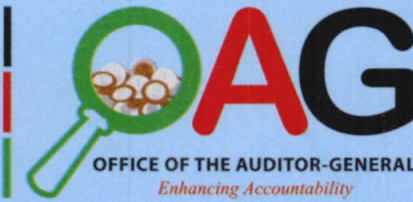


REPUBLIC OF KENYA



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Enhancing Accountability

REPORT



OF

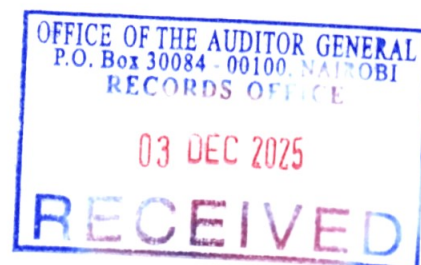
THE AUDITOR-GENERAL

ON

**COUNCIL OF GOVERNORS STAFF HOUSING
MORTGAGE AND CAR LOAN SCHEME**

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

 THE NATIONAL ASSEMBLY INDONESIA	
DATE: 11 FEB 2026	
DAY.	
TABLED BY:	
CLERK-AT THE-TABLE:	



COUNCIL OF GOVERNORS

**COUNCIL OF GOVERNORS
STAFF HOUSING MORTGAGE AND CAR LOAN SCHEME**

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

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

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

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1. Acronyms and Definition of Key Terms

A. Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Scheme information and management

a) Background information

- b) Council of Governors Mortgage and Car Loan Scheme is established Pursuant to Salaries and Remuneration Commission Circulars Referenced; SRC/ADM/CIR/1/13 VOL.III of 17th December 2014 and SRC/ADM/CIR/1/13 VOL III (130) of 29th January 2015 and SRC/ADM/CIR/1/13 VOL III (142) on 25th August 2015 all of which set and advised on the establishment of Mortgage and Car Loan Schemes for both state and other public officers. The Scheme is wholly owned by Council of Governors and is domiciled in Kenya. The Council of Governors operationalized the Mortgage and Car Loan scheme through internal guidelines approved by the Council in the year 2020.

c) Principal Activities

The scheme's objective is to provide loan facility to Council of Governors staff to;

- a. Purchase of residential houses
- b. Residential home development
- c. Improvement of residential homes.
- d. Purchase of Motor vehicle for personal use

The Scheme administrator oversees the operations of the scheme and the day to day operations of the scheme. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Scheme.

The key objective of the Council of Governors Mortgage and Car Loan fund are to;

1. Provide loan facility for purchase and Development of residential Houses
2. Provide loan facility for purchase of motor vehicles for personal use

d) Board of Trustees/Scheme Administration Committee

SN	Position	Name
1.	Chairperson	Eugene Lawi
2.	Vice Chair person	Meboh Abuor
3.	Committee Member	Carolyn Mage
4.	Committee Member	James Kamau
5.	Committee Member	Joyce Chepkeoch
6.	Committee Member	Caroline Odandi

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
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7.	Committee Member	Eunice Fedha
8.	Committee Member	Timothy Irungu
9.	Secretary	Evans Kipruto

e) Key Management

SN	Position	Name
1	Scheme Administrator	Mary Mwiti
2	Scheme Chairperson	Eugene Lawi
3	Scheme Secretary	Evans Kipruto

f) Fiduciary Oversight Arrangements

The Council of Governors has put in place an Audit Committee through which it oversees the secretariat. Members of the Audit Committee who held office during the financial year ended 30th June 2025 for fiduciary oversight were:

SN	Position	Name
1.	Chair Person	Ms. Catherine Omesete
2.	Member	Mr. Peter Saigilu
3.	Member	Ms. Tabitha Mwangi
4.	Member	Mr. Daniel Rucha
5.	Member	Mr. Patrick Owiti
6.	Secretary	Mr. Andrew Musungu

g) Registered Offices

P.O. Box 40401-00100
Delta Corner Building
Wayaki Way
Nairobi, KENYA

h) Scheme Contacts

- i) Telephone: (254) 020 240 3313/4
- j) E-mail: info@cog.go.ke
- k) Website: www.cog.go.ke

l) Scheme Bankers

1. Housing Finance Corporation Bank
P.o Box 73340
Gill House
Nairobi, Kenya.

m) Independent Auditor

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

n) Principal Legal Adviser

Irine Ogamba
Director Legal Services
Delta Corner
P.O. Box 40404
Nairobi, Kenya

3. The Board of Trustees/ Scheme Administration Committee

Name	Details of qualifications and experience
 Ms. Mary Mwiti –Scheme Administrator	Mary Mwiti is an experienced and self-motivated Business Management & Corporate Governance professional bringing forth valuable industry expertise and a passion for prudent management. She is results oriented with a proven track record spanning over 20 years' progressive experience in providing high level systems and services leadership for administrative functions, including human resource planning, budgeting, financial planning, program coordination and management. Mwiti has extensive hands-on experience and exceptional success in conceiving, planning, developing and executing strategic administrative and operational initiatives that drive top-line performance and bottom-line results whilst providing guidance and direction in the implementation of the organization's goals and work programmes. Special skills in creating and maintaining a pleasant work environment and ensuring high levels of organizational effectiveness is her strongest attribute. Scope of experience includes public, private and non-government sectors where she served in various capacities including; Currently as the CEO for Council of Governors, Director Corporate Services, Administration, Human Resource management, Operations Management, Customer Care Management, a Consultant and as a County Executive Member (CEC) of the County Government of Meru. Mwiti is articulate, self-driven, detail oriented and creative. She pursues integrity and commitment in all work engagements, approachable, open minded, confident and always willing to help.

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***



Mr. Eugene Lawi – Chairman- Scheme Administration Committee

Eugene Lawi a highly articulate, confident and persuasive legal practitioner, with great interpersonal and communication skills. Currently he is the Senior Legal Officer.

He holds a bachelor's degree from the University of Nairobi. His areas of practice include, public law, employment law and constitutional law with a specialty in advising County Governments and County Governors on matters concerning Devolution and Governance and any issues arising therefrom.

Eugene is passionate about constitutionalism with a keen interest in the devolution and decentralization of services as envisaged under the Kenyan Constitution

2010.

He has a diverse experience in public law having taken part in public interest litigation for the past 10 years in the areas of good governance, devolution of health services, devolution of energy amongst other matters.

Eugene is a member of the Law Society of Kenya and has taken part in various committees involved in legal reforms in the Republic of Kenya.



Ms. Meboh Abuor- Vice Chairperson Scheme Administrator Committee

Meboh Abuor (Ms), is a Senior ASRH Program Advisor at the Council of Governors Secretariat, Nairobi. She holds a Master of Arts in Human Rights, Peace and Conflict from the University of Nairobi, Kenya and a Bachelor of Laws and Post Graduate Diploma in Legal Practice from Uganda. She is an advocate of the High Court of Kenya and Uganda with vast legal experience in the East African region.

Meboh has more than 12 years' extensive experience in policy review/legislative development, Legal /Statutory Risk assessments and Devolution compliance in the sectors of energy/ renewable energy development, physical planning, environment, governance, health services development law among others.

Her key interests include public service with a focus on public administration and public policy and legislation analysis, and human rights, as well as Public Health, Human Rights, Socio-Political Leadership and Devolve

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
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	Governance. She has researched, presented papers in various fora and conferences in her areas of interest.
 Ms. Carolyne Mage-Scheme Administration Committee	Human Resources Practitioner 18+ Years of Experience A seasoned HR professional with over 18 years of diverse experience in driving Public Sector and organizational effectiveness, talent management, and strategic human resources leadership. Expertise in developing and implementing comprehensive HR strategies aligned with Public Sector goals, extensive experience in Human Resources, specifically within County Governments. Proven ability to Develop and manage HR policies, lead high-impact initiatives in talent acquisition, employee relations, performance management, compliance, and learning & development. Adept at fostering a positive work environment, enhancing employee engagement, and cultivating a culture of continuous improvement. She has Master's Degree in Public Administration from the University of Nairobi, Degree in Leadership and Management Strathmore University. Also she is an Associate Member IHRM - 16874 - Certification Body.
 Ms. Caroline Odandi - Scheme Administration Committee	Caroline is a seasoned Certified Human Resource (CHRP) and Administration Management Professional with experience working collaboratively across organizational and cultural boundaries. Over 15 years, Caroline has developed expertise in HR, Administration, Project and Contract management, having worked both in Kenya and also collaborating with teams in East Africa. Caroline is a holder of Master in Business Administration(MBA) specializing in Human Resource Management and is a practicing member of the Institute of Human Resource Management. She is the current Head of the HR function at the Council with a great passion to mentor and coach young talent in the fields of Public Service HR Management, Leadership, Governance.

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

 Ms. Eunice Daritsu - Scheme Administration Committee	Eunice is a project management specialist with over 15 years of experience in Strategic Management, Coordination, Planning, Building Partnerships, and performance management. Eunice has worked with the Council of Governors from 2013 and is currently coordinating devolution programmes for UNCEF at the Council while serving as a Principle Programme Officer Resource Mobilization and Partnerships. Prior to that, she worked at Dorcas Aid International as a programme officer for Sponsorship responsible for the Eastern and Southern Africa Region. She holds a Master's Degree in strategic management from PAC University and a bachelor's degree in Accounting from Daystar University. She also has a certificate in Management of Health Systems from Washington University and a Diploma in Human Resource Management from Kenya Institute of Management. Eunice is also serving as a member of the Public-Private Partnership Petitions Committee Tribunal. She is currently pursuing a PhD in Leadership and Governance at PAC University.
 James Kamau – Scheme Administration Committee	James Kamau is a supply chain management specialist with over 10 progressive work experience in public procurement. He Hold a master of science degree in procurement and Logistics & a bachelor's degree in purchasing and supplies management both from Jomo Kenyatta University of science and Technology. Mr James has worked in several private companies and government entities. He is currently the principal supply chain management officer at council of Governors.
	Ms. Joyce Chepkoech has over ten (10) years progressive work experience and proven track records of performance in the public sector. She has Masters in Business Administration Degree on Strategic Management from the University of Nairobi and Bachelor of Commerce (Banking and Finance Option) from Egerton

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
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 CPA Joyce Chepkoech - Scheme Administration Committee	University. Ms Joyce is of is a Certified Public Accountant (CPA K) and a Member of Institute of Certified Public Accountants (ICPAK) and in good standing. She is currently the Principal Officer-Finance and Accounts and has previously held senior positions as a Senior Finance & Accounts officer and has been instrumental in setting up the structures for the department from the inception of the Council of Governors.
 Mr. Evans Kipruto - Scheme Administration Committee	Mr. Evans Kipruto is a physical planner with academic background in urban and regional planning. He obtained his undergraduate degree from the Technical University of Kenya, where he honed his skills and developed a deep understanding of the complexities of urban planning and regional planning. Currently, Mr. Kipruto is pursuing a Master of Arts in Environment Planning and Management at the University of Nairobi. This advanced degree equips him with comprehensive knowledge and innovative approaches to address contemporary environmental challenges within the realm of planning and management. Mr. Kipruto's professional journey is marked by significant contributions to the field of land governance and urban development. He serves as a Technical Assistant to the Council of Governors under the Digital Land Governance Programme, a pivotal role where he lends his expertise to support the Lands, Housing, and Urban Development Committee, as well as the Roads, Infrastructure, and Energy Committee. His work directly impacts policy formulation and implementation at the highest levels of governance, ensuring sustainable land use and infrastructure development across Kenya. Prior to his current role, Mr. Kipruto worked with the State Department of Lands, State Department of Public Works, and Ramani Geo Systems. Through these experiences, he has gained invaluable insights into diverse facets of land

	management, Architecture, infrastructure planning and development, and geographic information systems. Mr. Kipruto's commitment to advancing the national agenda is evident through his active participation in various National Taskforces and Technical Committees. He has made significant contributions to key initiatives such as the National Taskforce on the review of land survey policy, institutional, and legal frameworks, the National Technical Working Group on Affordable Housing, and the Nuclear Power Energy 2022-2027 country programme framework. His involvement in the Kenya Construction Industry Outlook underscores his dedication to shaping the future trajectory of infrastructure development in the country. With his blend of academic expertise, practical experience, and dedication to public service, Mr. Evans Kipruto continues to be a driving force in the pursuit of sustainable urban development and land governance in Kenya.
 Mr. Timothy Irungu - Scheme Administration Committee	Mr Timothy Irungu is a dedicated and results-driven Transport Manager with over 10 (ten) years of experience in logistics and transportation management. Proven expertise in optimizing transport operations, reducing costs, and enhancing service efficiency and ensuring compliance with industry regulations. Mr Irungu has strong leadership skills with a focus on safety, compliance, and customer satisfaction. Mr Timothy Irungu is currently working for the Council of Governors as the transport Manager and has shown commitment to improving service delivery and customer satisfaction.

4. Management Team

Name	Details of qualifications and experience
 Ms. Mary Mwiti-Scheme Administrator	A scheme administrator facilitates management and operation of the mortgage and car loan Scheme. This includes the day to day operations of the Scheme, ensuring compliance, accuracy, risk management, cash flow management, tax administration and ensure employee satisfaction.
 CPA Joyce Chepkoech - Scheme Accountant	A scheme accountant is responsible for managing and overseeing the financial aspects of the scheme. Ensure accurate reporting, financial integrity and operation of scheme funds.
 Evans Kipruto -Secretary	A scheme secretary facilitates administration and coordination, record keeping, documentation, communication, compliance and member support and services for the scheme.

5. Chairman's Report

The Council of Governors appreciates the Counties for their support towards establishment of the Staff Mortgage and Car Loan Scheme which was operationalized in 2020. The establishment has been designed with the well-being and financial security of our employees in mind, aiming to provide them with affordable and accessible options for home ownership and vehicle purchase. The establishment resonates with the governments agenda to provide affordable housing and the schemes went a long way in achieving this agenda.

During the fourth year of implementation of the mortgage and car loan scheme, the scheme has not received additional resources and has since operated on revolving fund. As at 30th June 2025, the financing received from the inception of the scheme was Kenya Shillings one hundred fifteen million only. Out of which additional four (4) applications were processed and disbursed bringing the cumulative allocations to twenty-four (24).

The committee continues to work closely to ensure that the scheme is operational and with sufficient funding. I want to thank the scheme manager and Administration Committee for their commitment to actualize the intended objective of the scheme



Eugene Lawi

Chairperson, Scheme Administration Committee

6. Report of the Scheme Manager/ Administrator

I am pleased to present the Financial statements for the year ended 30th June 2025, in compliance with Section 84 (2) of the Public Finance Management 2012. The objective of the Staff Mortgage and car loan scheme is to offer eligible employees the opportunity to secure financing for home purchases at competitive interest rates and with flexible repayment options. Similarly, the Car Loan scheme provides employees with access to financing for vehicle purchases, whether new or used. With favourable terms and efficient processing, the Council strive to make vehicle ownership more accessible and affordable for the valued staff members.

The Council of Governors engaged Housing Finance Corporation limited to manage the scheme. During the financial year 2024/2025, three (2,) staff members were facilitated to purchase owner occupier houses and two (2) staff members facilitated with purchase of motor vehicle. The beneficiaries of the facility have continued to service their loans as contained in the Financial statement.

Further, in the administration of the scheme, the Council has maintained adequate financial management controls to ensure compliance, transparency and accountability. The measures were aimed at making sure that the funds are utilised prudently and proper accounting records maintained. The financial statements have been prepared in accordance to Public Sector Accounting standards (IPSAS) and represents a true and fair view of the state affairs of the fund for the period under review.

As the Accounting officer and Scheme Administrator, I confirm the completeness of the accounting records maintained for the scheme which I have relied upon in the preparation of the financial statements.

Finally, I confirm that in preparing the financial statements, I have assessed the fund's ability to continue as a going concern and nothing has come to my attention to indicate that the scheme will not remain a going concern for at least the next twelve months from the date of this statement.



Ms. Mary Mwiti, EBS
Scheme Administrator

7. Statement of Performance Against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives.

The objectives of the Council of Governors Mortgage and Car loan Scheme are to:

1. Provide loan facility for the purchase and development of residential houses
2. Provide loan facility for purchase of motor vehicles for personal use.

To achieve the intended objective for the facility as stated, the objectives were made specific, measurable, realistic and time-bound and converted into fund outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below is the progress on attaining the stated objectives;

Scheme Name	Objective	Outcome	Indicator	Performance
Council of Governors Mortgage and Car Loan	To provide loan facility for purchase and development of residential houses and purchase of motor vehicle for personal use	Affordable descent housing for staff and ease of transport to work	No of staff advanced loan facility to purchase residential houses and cars for personal use	In the Financial year 2024/2025, 2 officers accessed loan to purchase residential homes and 5 officer to purchase motor vehicle.

8. Corporate Governance Statement

The Council of Governors is committed to implementing good corporate governance principles and adheres to integrity, high ethical values and professionalism in all of its activities. The Council Scheme Committee is made up of 8 members out of which the Chair person, Vice Chair Person and Secretary are appointed among the members. During the period under review, the fund committee had five (5) meetings to deliberate on matters mortgage and car loan applications as well as monitoring of the performance of the Scheme. The roles and functions of the Scheme committee includes;

- i. Oversight and management of Scheme Setting the strategic direction of the mortgage Scheme
- ii. Overseeing Loan Approval Process to ensure it aligns with the Scheme's policies and risk appetite.
- iii. Overseeing the Scheme's financial health, including budgeting, financial planning, and ensuring that the Scheme has adequate capital to meet its lending objectives while maintaining financial stability.
- iv. Reviewing financial reports to monitor the Scheme 's performance against its objectives and financial targets.
- v. Ensuring that the mortgage Scheme complies with all relevant laws, regulations, and guidelines. This includes staying updated on regulatory changes that might affect the Scheme 's operations and implementing necessary compliance measures.
- vi. Ensuring that regular internal and external audits are conducted to evaluate the fund's financial reporting, compliance with policies and procedures, and risk management practices.
- vii. Regularly reviewing the performance of the fund's management team and the fund itself to ensure that operational practices are efficient and aligned with the fund's objectives.

The Council of Governors fund committee is required to at least provide a report on the performance of the Scheme to the management of the Council. The committee are provided with the necessary resources to undertake their duties. Appropriate training is available to all members on appointment to the office and on an ongoing basis as required.

The fund Committee papers are supplied to members on time, in appropriate form and quality to facilitate effective deliberations. The Scheme committee have access to relevant information through the secretary to the Scheme committee.

The separation of the functions of the Council of Governors management and the Scheme Administration Committee supports and ensures the independence of the Scheme committee

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

and management of the Council. The management of the Council implements the resolution of the Council. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the Council management and the Scheme Committee roles.

The Council has one standing committees: Audit Committee. The committee has formal and approved terms of reference. The board periodically reviews the terms of reference for the committee to ensure they are in line with current legislation and best practice. The committee is provided with all necessary resources to enable it to undertake its duties effectively

9. Management Discussion and Analysis

During the Financial Year 2024/2025, the Council of Governors Car and Mortgage did not have any additional funding to the scheme, however, the revolving fund already established was sufficient to facilitate new request in the year under review.

The Council of Governors staff continues to enjoy the scheme where there were additional four (4) applications in the year which were concluded and processed. Two other applications were pending processing and were therefore carried forward to the next financial year.

The Council envisage that in the next financial year, there shall be an increase in uptake of the schemes as the revolving fund also grows. However, the bank has continued to facilitate staff who had previously applied for the loans and area at various stages of conveyance.

As from inception of the scheme to June 2025, the total number of staff that have accessed the facility are as follows; Eleven (11) applications for purchase of owner occupier, one (1) for construction owner occupier and three (3) plot purchase and nine (9) applications for motor vehicle purchase. Two (2) applicants are pending processing and at different stages of conveyance.

10. Environmental And Sustainability Reporting

The Council of Governors Mortgage and car loan fund is accountable to its stakeholders in achieving its mandate. The fund administrator acknowledges the responsibility to the environment and the local communities in which we operate/exist. We embrace responsibility for corporate actions and to encourage a positive impact on the environment and the stakeholders including but not limited to our citizens, employees, partners and existing communities.

The fund Administrator encourages all stake holders to recognise those responsibilities and behave in a responsible manner towards the society. It also Address stakeholder concerns and inquiries related to environmental performance and sustainability practices.

i) Environmental performance

The fund Administrator does assessment and measurement of an organization's activities, processes, and impacts on the environment. This includes environmental management, resource utilization, pollution prevention, and sustainability practices. The funds aim at minimizing any harmful effects and consider the development and implementation of environmental standards to be of great importance.

ii) Employee welfare

The fund's success is largely depended on the Council of Governors human Capital. We recognise the need to have well-being, health, safety, and overall quality of life of employees within an organization. The fund provides necessary support system on various initiatives, policies, and practices implemented by employers to support and enhance the physical, mental, and emotional health of their workforce.

iii) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The Council of governors adheres to the public procurement and Asset Disposal Act while undertaking its operations.

b) Responsible Supply chain and supplier relations

The Council of governors adheres to the public procurement and Asset Disposal Act while undertaking its operations.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The Council of governors adheres to the public procurement and Asset Disposal Act while undertaking its operations which emphasises of free and fair processes.

d) Product stewardship or Awareness creation

We train employees to value each other and have put in place a system that encourages cultural diversity. Further, we have upheld gender parity and have given opportunity to people with disability and from the minority groups of our society.

iv) Corporate Social Responsibility / Community Engagements

The management did not undertake any community engagement during the year under review.

11. Report of The Trustees/ Fund Administration Committee

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are providing loan facility to staff for purchase and development of residential houses and purchase of motor vehicles for personal use.

Performance

The performance of the Fund for the year ended June 30, 2025, is set out on page one (1).

Fund Administration Committee

The members of the Administration Committee who served during the year are shown on page iv and v of this report.

Auditors

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

By Order of the Board



Chairperson, Scheme Administration Committee

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established pursuant to circulars referenced: SRC/ADM/CIR/1/13/1/3 VOL.III (128) OF 17th December 2014; SRC/ADM/CIR/1/13 VOL III (130) of 29th January 2015 and SRC/ADM/CIR/1/13 VOL.III (142) of 25th August 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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 Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the 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.

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Scheme's financial statements were approved by the Board on 30th August 2025 and signed on its behalf by:



Name: Eugene Lawi

Chairman of the Scheme



Name: Mary Mwiti, EBS

Scheme Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF GOVERNORS STAFF HOUSING MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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

Opinion

I have audited the accompanying financial statements of Council of Governors Staff Housing Mortgage and Car Loan Scheme set out on pages 1 to 23, which comprise the

Report of the Auditor-General on Council of Governors Staff Housing Mortgage and Car Loan Scheme for the year ended 30 June, 2025

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

In my opinion, the financial statements present fairly, in all material respects the financial position of the Council of Governors Staff Housing Mortgage and Car Loan Scheme 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 Standard (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iv to xxiv which comprise of Key Entity Information and Management, Board of Trustees/ Fund Administration Committee, Management Team, Chairman's Report, 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/Fund Administration Committee, 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 Council of Governors Staff Housing Mortgage and Car Loan Scheme's 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Scheme'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.

Those Charged with Governance are responsible for overseeing the Scheme'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 for 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

02 December, 2025

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

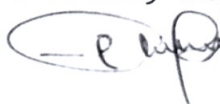
14. Statement of Financial Performance for the year ended 30th June 2025.

	Note	2024-2025	2023-2024
			Kshs.
Revenue from exchange transactions			
Interest income from deposits	6	662,034	1,352,082
Interest income from loanees	6	2,630,358	-
Total revenue		3,292,392	1,352,082
Expenses			
Use of goods and services	7	2,729,663	202,812
Total expenses		2,729,663	202,812
Surplus before tax		562,728	1,149,269
Taxation		-	-
Surplus after Tax		562,728	1,149,269

The financial statements were approved on 29th August 2025 by:



Name: Eugene Lawi
Chairperson of the Scheme



Name: Mary Mwiti, EBS
Scheme Administrator



Name: Joyce Chepkoech
Scheme Accountant
ICPAK M/No 29569

Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position as at 30th June 2025

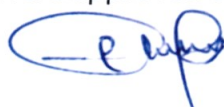
		2024-2025	2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	38,918,939	34,438,978
Receivables from exchange transactions	14	3,617,993	5,329,849
Total Current Assets		42,536,932	39,768,827
Non-current assets			
Receivables from exchange transactions	15	85,153,612	85,158,028
Total Non-Current Assets		85,153,612	85,158,028
Total assets		127,690,543	124,926,855
Liabilities			
Current Liabilities		-	-
Non- current liabilities		-	-
Total liabilities		-	-
Net assets		127,690,543	124,926,855
Mortgage and Car loan revolving fund	11	115,000,000	115,000,000
Accumulated surplus (Reserves)		12,690,543	9,926,855
Total net assets and liabilities		127,690,543	124,926,855

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Scheme financial statements were approved on 29th August 2025 and signed by:



Name: Eugene Lawi
Chairperson of the Scheme



Name: Mary Mwiti, EBS
Scheme Administrator



Name: Joyce Chepkoech
Scheme Accountant
ICPAK M/No: 29569

***Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025***

16. Statement of Changes in Net Assets for the year ended 30th June 2025

	Mortgage & Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at 1 July 2023	115,000,000	8,777,586	123,777,586
Surplus/(deficit) for the period	-	1,149,269	1,149,269
Funds received during the year	-	-	-
As at 30 June 2024	115,000,000	9,926,855	124,926,855
Balance as at 1 July 2024	115,000,000	9,926,855	124,926,855
Surplus/(deficit) for the period	-	562,728	562,728
Funds received during the year	-	-	-
Prior year adjustment -Principal repayments	-	2,200,960	2,200,960
As at 30 June 2025	115,000,000	12,690,543	127,690,543

17. Statement of Cash Flows for the year ended 30th June 2025

	Note	2024-2025 Kshs.	2023-2024 Kshs.
Cash flows from operating activities			
Receipts			
Interest income from deposits	6	662,034	1,352,082
Interest income from loanees	6	2,630,358	-
Total receipts		3,292,392	1,352,082
Payments			
Use of goods and services	7	2,729,663	202,812
Total payments		2,729,663	202,812
Net cash flow from operating activities	10	562,728	1,149,269
Cash flows from investing activities			
Proceeds from loan principal repayments	12	27,499,838	12,555,076
Loan disbursements paid out	13	(23,582,607)	(45,700,016)
Net cash flows used in investing activities		3,917,232	(33,144,940)
Cash flows from financing activities			
Receipts into the mortgage & car loan revolving fund		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,479,960	(31,995,671)
Cash and cash equivalents at 1 July	8	34,438,978	66,434,649
Cash and cash equivalents at 30 June	8	38,918,939	34,438,978

18. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparabl e basis	Performanc e difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Budget carryovers from the previous year*		34,438,978	34,438,978	25,582,607	8,856,371	74%
Revenue						
Transfers from Council of Governors	25,000,000	-	25,000,000	-	25,000,000	0%
Interest income on Housing Mortgage	700,000	-	700,000	662,034	37,966	95%
Total Revenue	25,700,000	34,438,978	60,138,978	26,244,641	33,894,337	44%
Expenses						
Taxation	99,305	-	99,305	99,305	-	100%
Revolving Fund	-	-	-	-	-	
Expenditure	99,305	-	99,305	99,305	-	100%
Surplus for the period	25,600,695	34,438,978	60,039,673	26,145,336	33,894,337	

Council of Governors Staff Housing Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	33,894,337
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	33,894,337

19. Notes to the Financial Statements

1. General Information

The Council of Governors Mortgage and Car loan scheme is established by and derives its authority and accountability from the Circulars referenced: SRC/ADM/CIR/1/13 VOL.III of 17th December 2014 and SRC/ADM/CIR/1/13 VOL III (130) of 29th January 2015 and SRC/ADM/CIR/1/13 VOL III (142) on 25th August 2015. The Scheme is wholly owned by the Government of Kenya and is domiciled in Kenya. The Scheme's principal activity is to administer a mortgage and car loan scheme for members of staff to access loan facilities for purchase and development of residential houses; and car loan.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Scheme's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Scheme. The financial statements have been prepared in accordance with the PFM Act, *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements Continued

3. Adoption Of New and Revised Standards

i. New and amended standards and interpretations in issue 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 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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. The standard does not apply to the scheme.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 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. The standard does not apply to the scheme.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

	The standard also introduces a public sector specific measurement bases called the current operational value. The standard does not apply to the scheme.
IPSAS 47: Revenue	Applicable 1st January 2026 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.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 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.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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.

Notes to the Financial Statements Continued

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025.

4. 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 Scheme and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such Scheme.

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 for each period.

b. Budget information

- c. The original budget for FY 2024/2025 was approved on 7th 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 Scheme upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Scheme did not record any additional appropriations to the budget following the governing body's approval. The Scheme's budget is prepared on a different basis from 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

Notes to the Financial Statements Continued

basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented on page 5 of these financial statements.

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.

d. Contingent liabilities

The scheme 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.

e. Contingent assets

The Scheme 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 Scheme 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.

Notes to the Financial Statements Continued

f. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements. (Scheme to state the reserves maintained and appropriate policies adopted).

g. Changes in accounting policies and estimates

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

h. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

i. Related parties

The Scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Scheme Managers, and Scheme Accountant.

j. 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

Notes to the Financial Statements Continued

insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya (**remove if not applicable**) and at various commercial banks at the end of the financial year.

k. Comparative figures

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

l. Events after the reporting period

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

m. Ultimate and Holding Scheme

The Scheme is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

n. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Scheme'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.)

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Scheme. Such changes are reflected in the assumptions when they occur. *(see 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:

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

Notes to the Financial Statements

6. Interest income

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Interest Income on Housing Mortgage	662,034	1,352,082
Interest income from loanees	2,630,358	-
Total Interest Income	3,292,392	1,352,082

Note: In accordance with the Administration Agreement, a 3% administration fee is charged on all loan repayments. This fee is retained by the Scheme Administrator to finance administration services.

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Tax Charged on Interest Income	99,305	202,812
Management costs	2,630,358	-
Total	2,729,663	202,812

8. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Council of Governors Mortgage Account: 9783685079	38,918,939	34,438,978
Total Cash and Cash equivalents	38,918,939	34,438,978

8 a) Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial Institution	Account number	Kshs.	Kshs.
Mortgage and Car Loan Scheme			
Housing Finance Corporation Commercial Bank Account	9783685079	38,918,939	34,438,978
Sub- Total		38,918,939	34,438,978

Notes to the Financial Statements (Continued)

9. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current Receivables		
9a) Current Loan Repayments Due	3,617,993	5,329,849
Total Current Receivables	3,617,993	5,329,849
Non-Current Receivables		
9b) Long Term Loan Repayments Due	85,153,612	85,158,028
Total Non- Current Receivables	85,153,612	85,158,028
Total Receivables	88,771,605	90,487,877
Ageing analysis (receivable from exchange transactions)	2024-2025	2023-2024
	%of total	%of total
Less than 1 year	- 0%	- 0%
Between 1-2 years	- 0%	- 0%
Between 2-3 years	- 0%	- 0%
Over 3 years	- 0%	- 0%

10. Net cash flows from operating activities

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	562,728	1,149,269
Adjusted for:		
Interest income	-	-
Working capital adjustments		
Increase in receivables	-	-
Net cash flow from operating activities	562,728	1,149,269

11. Revolving fund

Description	2024-2025	2023-2024
Balances as at 1st July	115,000,000	115,000,000
Transfer from Council of Governors	-	-
Balances as 30th June 2021	115,000,000	115,000,000

12. Loan Repayments

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Mortgage Loan	27,499,838	12,555,076
Total	27,499,838	12,555,076

Notes to the Financial Statements (Continued)

13. Loan Disbursed

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Loan disbursement paid out- Mortgage Loan	16,277,607	45,700,016
Loan disbursement paid out- Car Loan	7,305,000	-
Total	23,582,607	45,700,016

14. Current receivables from Exchange transactions

Description	2024-2025	2023-2024
		Kshs.
Current loan receivables	3,617,993	5,329,849
Total	3,617,993	5,329,849

15. Long term receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Long term loan receivable – Mortgage Loan	74,036,981	85,158,028
Long term loan receivable –Car Loan	11,116,631	
Total	85,153,612	85,158,028

Notes to the Financial Statements (Continued)

16. Financial risk management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme'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 Scheme 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 Scheme's financial risk management objectives and policies are detailed below:

a) Credit risk

The Scheme 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 Scheme'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 scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Notes to the Financial Statements (Continued)

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables From Exchange Transactions- Car loans and mortgages	3,617,993	0	0	0
Receivables From Non-Exchange Transactions	85,153,612	0	0	0
Bank Balances	38,918,939	0	0	0
Total	127,690,583	0	0	0
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	5,329,849	0	0	0
Receivables From Non-Exchange Transactions	85,158,028	0	0	0
Bank Balances	34,438,978	0	0	0
Total	124,926,855	0	0	0

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 Scheme has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Scheme'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 Scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the Scheme's short, medium, and long-term funding and liquidity management requirements. The Scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Scheme 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.

Notes to the Financial Statements (Continued)

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2025				
Trade Payables	0	0	0	0
Total	0	0	0	0
At 30 June 2024				
Trade Payables	0	0	0	0
Total	0	0	0	0

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Scheme 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 Scheme'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 Scheme's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

d) Interest rate risk

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

Notes to the Financial Statements (Continued)

Management of interest rate risk

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

Sensitivity analysis

The Scheme 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 1,352,082 in the Financial Year 2023/2024. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 1,149,269 In the FY 2023/24 to Kes. 562,728 in the FY 2024/25.

e) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Revolving fund	115,000,000	115,000,000
Accumulated surplus (Reserves)	12,690,543	9,926,855
Total funds	127,690,583	124,926,855
Less: cash and bank balances	(38,918,939)	(34,438,,978)
Net debt/(excess cash and cash equivalents)	88,771,644	90,487,877
Gearing	68%	72%

Notes to the Financial Statements (Continued)

17. Related party balances

a) Nature of related party relationships

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

- a) Council of Governors staff

b) Related party transactions

i. Transfers from related parties

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from related parties	0	0

ii. Key management remuneration

b	2024-2025	2023-2024
	Kshs.	Kshs.
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

18. Events after the Reporting Period

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

19. Ultimate and Holding Entity

The Entity is a Scheme under the sponsorship of Council of Governors which is an SAGA

20. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

20. 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.

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)

There was no follow up on auditor's recommendations.



Mary Mwiti, EBS
Accounting Officer

Date: 29/08/2025

*Council of Governors Mortgage and Car Loan scheme
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