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REPORT

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OF

THE AUDITOR-GENERAL

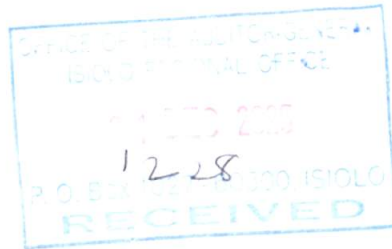
ON

ISIOLO COUNTY ASSEMBLY MORTGAGE AND
CAR LOAN SCHEME FUND

PAPERS LAID	
DATE	18/0/20
TABLED BY	Dr. (D.) telegun
COMMITTEE	
CLERK AT THE TABLE	Esther Polycap

FOR THE YEAR ENDED
30 JUNE, 2025

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**ISIOLO COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME
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)**

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

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

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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2. Key Entity Information and Management

a) Background information

The County Assembly has an existing Car Loan (Members) Scheme fund established pursuant to the guidelines of the Salaries and Remuneration Commission (SRC) on the Car Loan for Members of the County Assembly issued vide Circular Ref. No. SRC/TS/CGVT/316 dated 27th November, 2013.

b) Principal Activities

- c) Isiolo County Assembly Mortgage and Car Loan Scheme Fund shall solely utilize for; the purpose, development, renovation, repair or improvement of residential property for the occupation of the borrower or his immediate family members.

The loan for the development of the residential property may be granted at the discretion of the committee to a staff in possession of a title deed to the land on which the development is intended to be carried out.

d) Fund Administration Committee

Ref	Name	Position
1	Chairperson	Abdirashid Ali
2	Committee Member	Halima Golle Abgudo
3	Fund Administrator	Salad Boru

e) Key Management Steam

Ref	Name	Position
1	Fund Administrator	Salad Boru Guracha
2	Fund Accountant	Kalthum Abdullahi
3	Director Human Resource Management	Abubakar Ali Boru
4	Deputy Director Finance and Accounting services	Issadin Daud Muktar

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Entity and Management (Continued)

f) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Hadija Yussuf
2	Staff car Mortgage and car Loan Advisory Committee	

g) Registered Offices

P.O. Box 195 - 60300
County Assembly Building
Isiolo, KENYA

h) Fund Contacts

Telephone:(254) 0719574394
E-mail: clerkisiolo@gmail.com.
Website: www.isiolo.go.ke

i) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. National Bank of Kenya
Isiolo Branch
P.O BOX 72866-00200 Nairobi

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

j) Independent Auditors

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

k) Principal Legal Adviser

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

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Fund Administration Committee

Name	Details of qualifications and experience
1. Abdirashid Ali	Date of Birth;05.05.1992
2. Halima Golle Abgudo	Date of Birth;01.01.1969
3. Salad Boru	Date of Birth;03.10.1978

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

Name	Details of qualifications and experience
1. Fund Administrator	Salad Boru Guracha
2. Fund Accountant	Kalthum Abdullahi
3. Director Human Resource Management	Abubakar Ali Boru
4. Deputy Director Finance and Accounting services	Issadin Daud Muktar

5. Fund Chairperson's Report

The Mortgage and Car Loan Scheme is a great benefit to the Members of County Assembly as it provided ready access to twin benefits: mortgage and car loan. During the year under review no loan was disbursed to employees.

The fund is generally performing well given the timely recoveries of loans through the IPPD system. The system in itself safeguards the loan by way of priority deduction hence unlikely chance of default arising from affordability problems associated with salaries.

It is also worth noting that the Third County Assembly has promptly provided for car loan funds which was depleted through provision of car grant during second term pursuant to SRC advisory vide circular number SRC/TS/COG/3/61/48 VOL.II (113) of 09th February, 2021. However, the disbursement was done in tranches hence delaying decision for maximum benefits as envisaged by many Members of County Assembly. As a principle of my leadership, the goal of sustainable gains will be emphasized to ensure effective management of public funds as regards default, security perfection and timely recoveries. It is therefore my humble pleasure that I submit this report.

Name: Abdirashid Ali

Date: 22nd Sept 2025

Chairperson of the Board/Fund

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

6. Report of The Fund Administrator

Following the turn of the financial year, I am privileged to forward the Annual report of Isiolo County Assembly Mortgage and Car Loan Scheme Fund. The report is prepared pursuant to corporate philosophy and operational principle which confers the Committee the responsibility to prepare and present for accountability, a report of its operations for the year ended 30th June, 2025. The report covers the main activities of the Committee including loan disbursement and recoveries.

I am delighted to inform you that the Committee has managed the scheme loans in an effective manner and ensured timely recoveries of the advanced loans. During the year; total of Kenya Shillings 2,660,000 was disbursed in favor of Mortgage Loans. The loans were disbursed procedurally.

Nevertheless, I recommend to the committee to establish a comprehensive Operational Policy on effective loan management elaborating on loan cycles, responsibilities, documentation and required reports among others. Such guide will help the members of the committee to quickly refer on a matter of interest and consequently make informed decisions. In addition, I urge the Committee to secure a robust loan management system to ease the report generation on preferred durations. Even if it may be important to embrace flexibility, I urge the committee to fervently uphold and maintain full compliance with the provisions of the Scheme Regulations for any loan application received so as to guarantee requisite critical securities.

Finally, I wish to thank the Isiolo County Assembly Car Loan and Mortgage Fund committee for timely consideration of mortgage and car loan applications and also securing the fund through Credit Life Policy.

I submit.

Salad Boru Guracha
Administrator of the Fund
County Assembly of Isiolo

Signature



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 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 objective of the fund is:

- (i) To provide a loan scheme for the purchase of vehicles by members of the scheme; and
- (ii) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme. In so doing, the fund intends to facilitate Members of County Assembly to acquire a personal means of transport that enables them to move from their area of residence to the office and also have a decent shelter.

8. Corporate Governance Statement

Matters of Isiolo County Assembly Mortgage and Car Loan Scheme Fund squarely under the purview of designated committee. In this regard, the committee have held sittings during the year under review to discuss and approve mortgage loans and assess various loan recoveries among other agendas. The scheme regulations approved by the County Assembly has provided elaborate ways of establishing a committee with defined

The fundamental role of the committee is to manage loans with respect to approvals. This mandate ranges from receiving applications, appraisal of applications and ultimate consideration of applications based on its merits.

Traditionally, the committee is bound to undergo at least one training in a year with a focus on improving scheme loan management and performance. The training content usually features matters of prudent public finance management which ranges from procedural approvals to effective securities and recoveries. Luckily, the committee has undergone this relevant training during the last quarter of the year. Committee capacity building being a critical need will hopefully be done every financial year.

As guided by the SRC, the committee members are granted sitting allowances for every sitting they hold. The sitting is regulated by a quorum and usually payment is dictated by attendance of the members. At a point where a conflict of interest is suspected, for instance, where a committee member's application is being discussed, the committee by practice asks the member to excuse himself/herself from the meeting as the matter is discharged without any reference to the applicant.

The committee activities in terms of fund expenditure by way of loan disbursements, training facilitation or sitting allowances are all subject to government taxes and audit. The records of loans and bank statements are subjected to audit every end of financial year. This undertaking is primarily embraced not only because it is a statutory requirement but also to ensure financial accountability of the committee and to safeguard sustainability of the fund.

Procurement of a logical system that schedules loan, amortize, reschedule when need arise and generate periodical reports according to user needs is highly desired. The software is expected to store information of a borrower in terms of loan application, loan register and loan discharge upon final instalments. The system is also crucial as it alerts on due annual insurances and also give accurate information for decision support. Embracing technology will definitely underpin transparency and accountability hence corporate governance.

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

The fund is generally performing well. Further during the year under review the fund earned an interest income of **KES 1,273,410.66**. An estimated principal of **KES 18,888,604.89** has also been recovered. There was no loan default experienced but there seems a threat from additional statutory charges promulgated from time-to-time such as Housing Levy and NSSF that will automatically lead to breach of One-Third rule.

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Isiolo County Assembly has made various sustainable efforts that focus on service delivery to the citizen. The strategic area of focus for service delivery includes but not limited to:

- Legislative Services
- Oversight Role
- Committee Services
- Staff Management and development
- Physical infrastructure development
- Financial Resource Management
- Application of ICT in all our processes

2. Environmental performance

Isiolo County Assembly works towards the Health and Safety measures that aims at prevention and protection of employees against accidents and occupational hazards arising at the workplace as well as reduce the environmental impact of the institution activities and products.

The Assembly has put in place measures to prevent and mitigate against accidents, explosions, fire, floods, earthquakes, bomb threats and prepared procedures to be followed in such events. There is a Fire assembly point in case of Fire and the employees have been briefed on its importance

3. Employee welfare

Isiolo County Assembly has committed to ensuring that employee welfare is taken into consideration to ensure maximum efficiency and effectiveness. Amongst the welfare opportunities present to Isiolo County Assembly Members and Staff includes: Prompt payment of Salaries, Annual incremental of Salaries, advance of salary, subsistence & foreign allowance, acting allowance and leave allowance.

The Assembly also provides Medical Cover to the Members and Staff. The medical covers entail inpatient, outpatient, dental, Optical Maternity as well as last expense.

The Assembly has also taken into consideration occupational Safety and Health by providing Occupational Benefits; Group Life Insurance, Group Personal Accident and Work Injury Benefit Act (WIBA).

The Members and staff of Isiolo County Assembly enjoys other benefits like leave allowances and categories not limited to the following; Annual Leave, Maternity & Paternity Leave, Unpaid Leave, Compassionate Leave, Sick/Convalescent Leave, Terminal, Examination, Study leave well as child adoption leave. The Members and staff also enjoy various workshops and training

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund Are Fund shall solely utilize for; the purpose, development, renovation, repair or improvement of residential property for the occupation of the borrower or his immediate family members.

The loan for the development of the residential property may be granted at the discretion of the committee to a staff in possession of a title deed to the land on which the development is intended to be carried out.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-6

Trustees

The members of the Board of Trustees who served during the year are shown on page vii.

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 to carry out the audit of the Isiolo County Assembly Mortgage and Car Loan Scheme Fund for the period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

.....

Fund Administration Committee

Date:22nd Sept 2025

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 *Isiolo County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2021* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

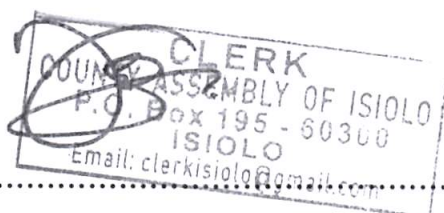
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate 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 County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's car loan scheme fund financial statements, which have been prepared on the accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the financial statements give a true and fair view of the state of the County Assembly's car loan fund scheme for the year ended on June 30, 2025 and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations, and that the County Assembly's car loan funds disbursement during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's car loan fund scheme financial statements were approved and signed by the Clerk of the County Assembly on **28/10/ 2025** and signed on its behalf by:



.....
Administrator of the County Public Fund

REPUBLIC OF KENYA

Phone: +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 ISIOLO COUNTY ASSEMBLY MORTGAGE AND CAR LOAN SCHEME FUND 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 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 Isiolo County Assembly Mortgage and Car Loan Scheme Fund set out on pages 1 to 20, which comprise of the

Report of the Auditor-General on Isiolo County Assembly Mortgage and Car Loan Scheme Fund 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Isiolo County Assembly Mortgage and Car Loan Scheme 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 Isiolo County Assembly Mortgage and Car Loan Scheme Fund Regulations, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Accuracy of Financial Statements

Review of the financial statements revealed the following anomalies;

- i. The statement of financial position reflects net assets balance of Kshs.52,965,609 while the total net assets and liabilities is Kshs.66,328,300, resulting in unexplained variance of Kshs.13,362,691.
- ii. The adjustment for decrease in receivables from exchange transactions by Kshs.18,907,023 was not disclosed under the cash flows for financing activities in the statement of cash flows.
- iii. The annual report did not include the passport photos and profiles of the Fund Administration Committee and Key Management Team as required by the reporting template.
- iv. The Fund Chairperson's Report did not indicate the Chairman's name and signature, and the date the report was signed.
- v. The Fund Administration Committee Report is not signed.
- vi. The financial statements did not include prior year audit issues which appeared in the report of the Auditor-General for the year ended 30 June, 2024.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Long-Term Receivables

The statement of financial position and Note 6 to the financial statements reflect Kshs.33,397,521 in respect of long-term receivables from exchange transactions. However, supporting documentation for the outstanding loans, including copies of

Report of the Auditor-General on Isiolo County Assembly Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2025

designs of the proposed residential properties duly approved by the relevant County Public Works Officer were not provided for audit review. Further, Bills of Quantities for the proposed developments, official searches of the titles to the properties intended to be purchased and certified copies of the sale agreements relating to the properties, were not provided.

In the circumstances, the accuracy and recoverability of the long-term receivables balance of Kshs.33,397,521 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Isiolo County Assembly Mortgage and Car Loan Scheme 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.

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 effect of the matters 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

Prior Year's Unresolved Audit Matters

The following matters raised in the Fund's prior year's audit report remained unresolved;

1. Inaccuracies in the Financial Statements
2. Variance of Interest between the Ledgers and Financial Statements
3. Variance between the Loan Repayment Ledgers and Financial Statements
4. Inaccuracies and Anomalies in Cash and Cash Equivalentents
5. Undisclosed Salary Expenses
6. Overstatement of Long-term Receivable from Non-exchange Transaction
7. Non-Compliance with Public Sector Accounting Standards Board (PSASB)
8. Performance Information
9. Lack of Mortgage Protection Policy

Other Information

Management is responsible for the Other Information set out on page iv to xv which comprise of Key Entity Information and Management, Fund Administration Committee,

Report of the Auditor-General on Isiolo County Assembly Mortgage and Car Loan Scheme Fund for the year ended 30 June, 2025

Management Team, Fund Chairperson's Report, Report of The Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of The Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 if 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 effect of the matters 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. Late Submission of Financial Statements to the Auditor-General

During the year under review, the Fund did not submit the financial statements to the Auditor-General by the statutory date of 31 August, 2025, but instead submitted on 19 November, 2025. This was contrary to Section 47(1) of the Public Audit Act, 2015, which requires that financial statements be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Non-Compliance with Quarterly Reporting

During the year under review, the Fund did not prepare and submit as required the quarterly reports, contrary to Regulation 64(1) and (4) of the Public Finance Management (County Governments) Regulation, 2015 which requires the Accounting Officer to prepare and submit to the County Treasury, with a copy to the Auditor-General and to County

Assembly, quarterly reports not later than the fifteenth (15th) day after the end of each quarter.

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

3. Failure to Remit Fringe Benefit Tax

Documents provided for audit revealed that the Fund did not remit to Kenya Revenue Authority (KRA) fringe benefit tax amounting to Kshs.1,276,528, which accrued from the low-interest loans extended to its Members during the year. This was contrary to Section 12(B)(1) and (3) of the Income Tax Act, 2012 that requires an employer to pay fringe benefit tax in respect of a loan provided to an employee or director at an interest rate lower than the market interest rate and that fringe benefit tax to be charged on the total taxable value of a fringe benefit provided by an employer in a month and remitted on or before the tenth day of the following month to KRA.

In the circumstances, Management was in breach of the law and the Fund was exposed to penalties and interest due to non-compliance.

4. Lack of Mortgage Protection Policy

The statement of financial position and as disclosed in Note 6 to the financial statements reflect Kshs.33,397,521 in respect of long-term receivables from exchange transactions, representing loans to staff members. However, as previously reported, review of the individual loan files revealed that the beneficiaries had not taken out and maintained mortgage protection and fire policies, thus exposing the Fund to risk of loss of public money in case of fire or accident to the mortgage property. This was contrary to Regulation 15(1) of the Isiolo County Assembly Mortgage and Car Loan Scheme Fund Regulations, 2021 which provides that a borrower shall take out and maintain a Mortgage Protection Policy and a Fire Policy with an insurance firm approved by the Committee.

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

5. Irregular Loan Disbursements

The statement of cash flows and Note 9 to the financial statements reflect loan disbursements paid out of Kshs.2,660,000. However, the advanced loans were not supported with relevant documents including copy of design of the proposed residential property duly approved by the relevant County Public Works Officer, bill of quantities in respect of the proposed development, renovation, or repair, official search of the title to the property intended to be purchased and certified copy of the sale agreement relating to the property. This was contrary to Regulation 9(1) of Isiolo County Assembly Mortgage and Car Loan Scheme Fund Regulations, 2021.

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.

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 the Fund Administration Committee

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 Fund Administration Committee is 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

05 December, 2025

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from the County Government		-	-
Revenue from Exchange Transactions			
Interest Income	2	1,273,411	1,324,456
Total Revenue		1,273,411	1,324,4556
Expenses			
Fund administration expense	3	119,529	480
Finance Costs	4	-	-
Total Expenses		119,529	-
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		1,153,882	1,323,976


Name: Salad Boru Guracha


Administrator of the Fund



Name: Kalthum Nuna Abdullahi

Fund Accountant

ICPAK Member Number:29827

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	19,568,088	9,581,466.20
Total current assets		19,568,088	9,581,466.20
Non-Current Assets			
Long Term Receivables from Exchange Transactions	6	33,397,521	52,304,544.19
Total non- current assets		33,397,521	52,304,544.19
Total Assets		52,965,609	61,886,010.39
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	7	-	0
Total current liabilities			0
Non-Current Liabilities			
Long Term Portion of Borrowings		-	-
Total Liabilities		0	0
Net Assets			
		52,965,609	61,886,010.39
Revolving Fund		65,174,418	63,850,441.99
Reserves		-	-
Accumulated Surplus		1,153,882	1,324,455.86
Total Net Assets and Liabilities		66,328,300	65,174,897.85

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

Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2025

and signed by:



Name: Salad Boru Guracha
Administrator of the Fund



Name: Kalthum Abdullahi
ICPAK Member Number: 29827

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as at 1 July 2023	64,624,495.00	-	(774,053.01)	63,850,441.99
Surplus/(Deficit) For the Period	-	-	1,323,976	1,323,976
Funds Received During the Year	-	-	-	-
Adjustments by Journal	-	-	-	-
Revaluation Gain	-	-	-	-
Balance as at 30 June 2024	64,624,495.00	-	549,992.85	65,174,417.85
Balance as at 1 July 2024	64,624,495.00	-	549,992.85	65,174,417.85
Surplus/(Deficit) For the Period			1,153,882	1,153,882
Funds Received During the Year				
Adjustments by Journal				
Revaluation Gain				
Balance as at 30 June 2025	64,624,495.00	-	1,703,875	66,328,300

Isiolo County Assembly Mortgage and Car Loan Scheme 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	2024-2025	2022-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	2	1,153,882	1,324,455.86
Total receipts		1,153,882	1,324,455.86
Payments			
Fund administration expenses	-	-	-
General expenses	3	(119,529)	(480.00)
Finance cost	4	-	-
Net cash flows from operating activities		1,034,353	1,323,975.86
Cash flows from investing activities			
Proceeds from loan principal repayments	8	18,888,605	13,218,221.54
Loan disbursements paid out	9	(2,660,000)	(9,000,000.00)
Net cash flows used in investing activities		16,228,605	4,218,221.54
Cash flows from financing activities			
Transfers from County Government	1	0	0
Adjustments for Increase/decrease in Receivables from Exchange Transactions		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		10,308,292	5,542,197.40
Cash and cash equivalents at 1 July 2024		9,259,796.40	3,717,599.00
Cash and cash equivalents at 30 June 2025		19,568,088	9,259,796.40

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Isiolo County Assembly Mortgage and Car Loan Scheme Fund

Annual Report and Financial Statements for the year ended Jun 30, 2025

18. Statement of Comparison of Budget and Actual Amounts for The Period

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
Revenue						
Transfers from County Govt.	0	0	0	0	0	0
Interest Income	1,153,882	1,153,882	1,153,882	1,153,882	0	100%
Total Income	1,153,882	1,153,882	1,153,882	1,153,882	0	
Expenses						
Fund Administration Expenses	0	0	0	0	0	0
General Expenses	0	0	0	0	0	0
Finance Cost	0	0	0	0	0	0
Total Expenditure	0	0	0	0	0	
Surplus for the Period	1,153,882	1,153,882	1,153,882	1,153,882	0	100%

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

19. Notes to the Financial Statements

1. General Information

Isiolo County Assembly Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from Isiolo County Assembly Mortgage and Car Loan Scheme Fund) Regulations, 2021. The entity is wholly owned by the Isiolo County Government and is domiciled in Kenya. The entity's principal activity is to issue members with mortgage and car loan.

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.*

<p>IPSAS 43: Leases</p>	<p><i>Applicable 1st 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.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> 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.</p>

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>IPSAS 45: Property Plant and Equipment</p>	<p>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.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> 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.</p>
<p>IPSAS 47: Revenue</p>	<p>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.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>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.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>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.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>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: <ul style="list-style-type: none"> 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. </p>

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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	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.
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The entity adopted the following standards early

1. 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 2024/25 was approved by the County Assembly on. 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 of the FY 2024/25 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 performance has been presented in these financial statements.

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.

d) 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.

e) 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. 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.

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets 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 subject to certain criteria being met.

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

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.

Summary of Significant Accounting Policies (Continued)

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.

Financial liabilities

Classification

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

f) 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 Fund.

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) 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) 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.

l) 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.

m) 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)

n) 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.

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.

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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2. Notes to The Financial Statements

1. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers from County Govt. –Operations		
Payments by County on Behalf of The Entity		
Unconditional Development grants		
Total		

2. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	1,273,411	1,324,455.86
Interest Income from Car Loans		0
Total Interest Income	1,273,411	1,324,455.86

3. Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses		0
Loan Processing Costs		0
Professional Services Costs		0
Administration Fees	119,529	0
Committee Allowances		0
Bank Charges		480.00
Insurance Costs		0
Total	119,529	480.00

4. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest on Bank Overdrafts	0	0
Interest on Loans from Banks	0	0
Total	0	0

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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5. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Car loan account	0	0
County mortgage account	19,568,088	9,581,466.20
Total Cash and Cash Equivalents	19,568,088	9,581,466.20

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Co-operative Bank		19,568,088	9,581,466.20
Grand Total		19,568,088	9,581,466.20

6. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Total Current Receivables	0	0
Non-Current Receivables		
Long Term Loan Repayments Due	33,397,520.87	52,304,544.19
Total Non- Current Receivables	33,397,520.87	52,304,544.19
Total Receivables from Exchange Transactions	33,397,520.87	52,304,544.19

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Notes to the Financial Statements Continued

7. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	0	0%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (tie to above total)	0	0%	0	0%

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

8. Proceeds from Loan Repayments

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Principal repayments	18,888,604.89		13,218,221.54	
Total Trade and Other Payables	18,888,604.89		13,218,221.54	

9. Loan Disbursed out

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Loan disbursements paid out	2,660,000		9,000,000	
Total Trade and Other Payables	2,660,000		9,000,000	

Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;

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d) Board of Trustees; etc.

e) **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	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve		0
Revolving fund	64,624,495.00	64,624,495.00
Accumulated surplus	1,153,882.00	549,922.85
Total funds	65,778,377	65,174,417.85

10. Events after the reporting period

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

11. Currency

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

**Isiolo County Assembly Mortgage and Car Loan Scheme Fund
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20. Annexes

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)

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

Date: 24/11/2025  