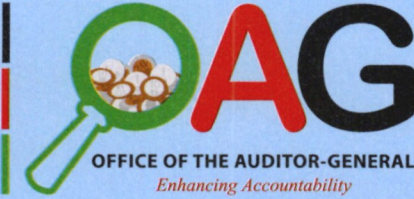
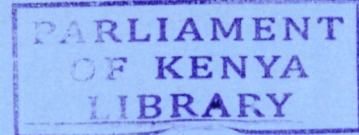


REPUBLIC OF KENYA



REPORT



OF

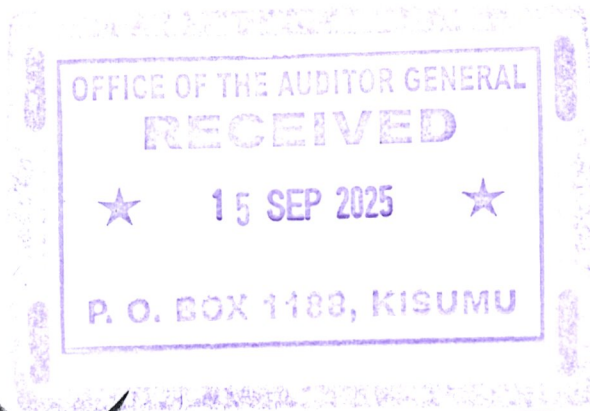
THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF KISUMU CAR LOAN
AND MORTGAGE SCHEME FUND**

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

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of Majority Leader
COMMITTEE	-
CLERK AT THE TABLE	Belinda



COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE

SCHEME FUND

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

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

Table of Contents

1. Acronyms and Definition of Key Terms.....	iii
2. Key entity information and management.....	iv
3. Fund Administration Committee.....	vii
4. Key Management Team.....	x
5. Fund Chairperson’s Report.....	xii
6. Report of the Fund Administrator.....	xiii
7. Statement of Performance against county entity’s predetermined objectives	xv
8. Corporate Governance Statement.....	xvi
9. Management Discussion and Analysis	xix
10. Environmental and Sustainability Reporting.....	xxi
11. Report of the Fund Administrative Committee	xxiv
12. Statement of Management’s Responsibilities	xxv
13. Report of the Independent Auditor on the Financial Statements of Kisumu County Assembly (Car Loan Scheme Fund)	xxvii
14. Statement of Financial Performance for the Financial year ended 30 June, 2025.....	1
15. Statement of Financial Position as at June 30, 2025	2
16. Statement of Changes in Net Assets as at June 30, 2025	3
17. Statement of Cash Flows for the year ended 30 June, 2025.....	5
18. Statement of Comparison of Budget and Actual amounts for the period ended 30 th June 2025	6
19. Notes to the Financial Statements.....	7
20. Annexes: Progress on follow up of Prior Year Auditor’s Recommendations	25

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 MCA	Member of County Assembly
IHRM	Institute of Human Resource
Management KIM	Kenya Institute of Management
CASA	County Assembly Sports Association

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 entity information and management

a) Background information

The Kisumu County Assembly car loan scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Kisumu County adopted the PFM regulations 2015 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th March 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide car loans and mortgage facility to members and staff of the Assembly

Core Values

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

c) Fund Administration Committee

S N	Position	Name
1	Chairperson	Hon. Pamela Oyoo
2	Committee Member	Hon. Seth Ochieng
3	Fund Administrator	Mr. Owen Ojuok
4	Committee Member	CPA Felix Okinyi
5	Committee Member	Mr. Boaz Ouko
6	Committee Member	Mr. Dennis Odhiambo

d) Key Management

SN	Position	Name
1	Fund Administrator	Mr. Owen Ojuok- Clerk of the Assembly
2	Fund Accountant	CPA Mollen Achayo

e) Fiduciary Oversight

Arrangements Audit

Committee

The Audit Committee was established through the gazette notice No. 2690; Public Finance Management Act (No. 18 of 2012), Public Finance Management Regulations 2015 and gazette Notice No 2690 on the Audit Committee guidelines for County Governments. The Audit Committee is established to provide assistance to the accounting officer with its responsibilities outlined in its charter with the general feature of ensuring good corporate governance.

No	Name	Position
1.	Lucy Mugadukha	Chairperson
2.	George Otieno	Member
3.	Dorothy Amondi	Member
4.	Felix Okinyi Owuor	Member
5.	Naboth Odera	Directorate of Internal Audit

f) Registered Offices

P.O. Box 86 – 40100,
 Kisumu County Assembly
 Buildings
Kisumu, KENYA

g) Fund Contacts

E-mail:
kisumuassembly@gmail.com

Tell no. 0721395600

Website:

www.kisumuassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

2. Family Bank of Kenya Ltd

Kisumu Branch

P.O BOX 7452-40100

Kisumu

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University

Way

P.O. Box 30084

GPO 00100, Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112


City Square 00200

Nairobi, Kenya



3. **Fund Administration Committee**



Name	Details of qualifications and experience
 <p>Hon. Pamela Awuor Oyoo D.O.B – 17th December 1969 MCA – Migosi Ward Vice Chair to the County Assembly Service Board</p>	<p>Committee Chairperson</p> <p>Hon. Pamela Oyoo is a seasoned politician and entrepreneur. She is currently the MCA for Migosi Ward, Kisumu County, a position she has held for the past seven years.</p> <p>Hon Pamela sits in the County Assembly of Kisumu Service Board as the Vice-chairperson. Her academic qualification is a Bachelors Degree of Science in Library and Information studies. She previously served as a nominated Members of County Assembly in the period 2013-2017.</p>
 <p>Hon. Seth Ochieng Kanga D.O.B – 12th August 1978 MCA – Market/ Milimani Ward Majority Whip</p>	<p>Committee Member</p> <p>Hon. Seth Ochieng is a veteran politician and a career entrepreneur. He is a member of Kisumu County Assembly representing Market/ Milimani ward and also the Majority Chief Whip of the Kisumu County Assembly.</p> <p>He has qualifications in Administration from the Kenya School of Government and a Diploma in Business Administration from Kenya Institute of Management (KIM)</p>

 <p>Mr. Owen Ojuok D.O.B – 20th August 1966 The Clerk – Kisumu County Assembly</p>	<p>Committee Member- Fund Administrator Mr. Owen Ojuok is the Clerk of Kisumu County Assembly thus the Fund Administrator for Kisumu County Assembly Car Loan and Mortgage Fund Scheme. He is a qualified lawyer and an Advocate of the High Court of Kenya. He holds a bachelor’s degree in Law from the University of Nairobi and is currently pursuing his Master’s Degree in Law at the same university.</p>
 <p>Mr. Boaz Ouko D.O.B – 30th December 1968 Staff Representative to the Fund</p>	<p>Committee Member Mr. Boaz Ouko is the chair of the Kisumu County Assembly Staff Welfare association. Mr. Ouko is a career civil servant who has served in numerous capacities within the civil service before being deployed to the assembly. Mr. Ouko is currently serving as senior administration officer at the Kisumu County Assembly. He holds a Diploma in Management from Kenya Institute of Management</p>
 <p>D.O.B – 17th May 1978 Deputy Director Finance and Accounting Services- County Assembly of Kisumu</p>	<p>Committee Member CPA Felix Owuor is the Deputy Director Finance and Accounting Services. CPA Owuor is a Certified Public Accountant of Kenya CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. He holds a degree in Commerce (Banking and Finance) from Moi University</p>

 <p>Dennis Odhiambo D.O.B – 11th June 1990 Payroll Officer – County Assembly of Kisumu</p>	<p>Committee Member</p> <p>Mr. Dennis Odhiambo is a payroll officer at the County Assembly of Kisumu. He supports the Committee as a technical staff with respect to payroll deductions.</p> <p>He holds a diploma in Human Resource Management from Kenya Institute of Management and he is a member of IHRM – Kenya.</p>
---	---

4. **Key Management Team**

 <p>Mr. Owen Ojuok D.O.B – 20th August 1966 The Clerk – Kisumu County Assembly</p>	<p>Committee Member- Fund Administrator</p> <p>Mr. Owen Ojuok is the current Clerk of Kisumu County Assembly.</p> <p>Mr. Ojuok is also the Fund Administrator for Kisumu County Assembly Car Loan and Mortgage Fund Scheme</p> <p>Mr. Ojuok is a qualified lawyer. He also currently pursuing his Master’s Degree in Law at the University of Nairobi</p>
 <p>Mr. Boaz Ouko D.O.B – 30th December 1968 Staff Representative to the Fund</p>	<p>Committee Member</p> <p>Mr. Boaz Ouko is the chair of the Kisumu County Assembly Staff Welfare association. Mr. Ouko is a career civil servant who has served in numerous capacities within the civil service before being deployed to the assembly.</p> <p>Mr. Ouko is currently serving as senior administration officer at the Kisumu County Assembly.</p> <p>He has a Diploma in Management from Kenya Institute of Management</p>

 <p>CPA Mollen Adhiambo Achayo D.O.B – 08.02.1980 Senior Principal Fiscal Analyst – Kisumu County Assembly (Fund Accountant) Fund Accountant – County Assembly of Kisumu</p>	<p>Committee Member – Fund Accountant.</p> <p>CPA Mollen Achayo is a Senior Principal Fiscal Analyst at the County Assembly of Kisumu who doubles up as the Fund Accountant. CPA Mollen holds both a Master’s and a Bachelor’s degree in Commerce (Finance option) from the Catholic University of Eastern Africa (CUEA). She is a Certified Public Accountant [CPA (K)] and a Certified Public Secretary [CPS(K)]. She is an active practicing member in good standing of the Institute of Certified Public Accountants of Kenya (ICPAK), the Association of Women Accountants of Kenya (AWAK) and the Institute of Internal Auditors of Kenya (IIA–Kenya).CPA</p> <p>Mollen has further enhanced her leadership acumen through the Strategic Leadership and Development Program (SLDP), the Senior Management Course (SMC), and is a certified Trustee</p> <p>through the Trustee Development Program Kenya (TDPK).</p>
 <p>Mr. Dennis Odhiambo D.O.B – 11th June 1990 Payroll Officer – County Assembly of Kisumu</p>	<p>Committee Member</p> <p>Mr. Dennis Odhiambo is a payroll officer at the County Assembly of Kisumu.</p> <p>He holds a diploma in Human Resource Management from Kenya Institute of Management and a member of HRM – Kenya.</p>

5. Fund Chairperson's Report

It is my pleasure to present, on behalf of the Management Committee, the Kisumu County Assembly Car Loan and Mortgage Fund financial statements for the year Ended 30, June, 2025. The financial statements present the financial performance of the Fund over the past year.

Sustainability

The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

The Fund has conducted a basic assessment of available options for feasible financing tools that would assure the Fund of its long term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Review of performance

Income

The Fund earned revenues amounting to **Kshs. 6,049,135.17** from interest income.

Expenditures

The total expenditures during the FY 2024/2025 amounted to **Kshs. 4,939,555.05** in respect to fund administrative and finance costs.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly Service Board, the Fund administrator and his support team and fellow management committee members for their continued support which made us achieve these results.

I look forward to your continued support in the coming FY

2024/2025. Signed: _____


Hon. Pamela Awuor Oyoo

Management Committee Chairman

Date: 30, June, 2025

6. Report of the Fund Administrator

It is my pleasure to present Kisumu County Assembly Car Loan Scheme Fund Annual Report and financial statements for the year ended 30 June, 2025. The financial statements present the financial performance of the Fund over the past year.

The Fund was established during the first assembly and is now serving the second assembly members. At the beginning of the Fund's operations in 2017, the Fund had the initial seed money of Kshs. 250,000,000. The Fund has since then received additional input of Kshs. 20,000,000 which was received in during the FY 2019/2020. The Fund has since disbursed a total amount of Kshs. 299,702,079 as loan to members with a total of 80 beneficiaries.

Financial Performance

a) Revenue

In the year ended 30 June 2025, the Fund had projected revenues of **Kshs. 21,200,000** Out of this projected amount, the Fund was able to realize **Kshs 21,049,135.17** in actual revenues, representing over **97%** in performance.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue Budget (Kshs.)	Actual (Kshs.)	Realizati on (%)
Revenue			
Transfers from the Exchequer	15,000,000	15,00,000	100%
Interest income	6,200,000	6,049,135.17	97.5%
Total income	21,200,000	21,049,135.17	97.5%

Loans

In this operations period, the fund managed to disburse loan to only one staff member. The Fund was able to disburse loans to 1 new applicant, bringing the number of total beneficiaries so far to 80

b) Cash flows

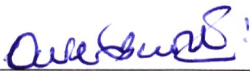
The Fund received the expected funds of budgeted-for Exchequer injection of Kshs 15,000,000 by close of the FY 2024/2025 which related to long outstanding non remitted loan deductions thus reducing the outstanding debt

balance.

Conclusion

The FY 2024/2025 has so far generally been a good year for the Fund. However, the Fund has been not able to operate at optimal levels as envisaged because of inadequate funding to allow all members of staff to also benefit from the fund. Nonetheless, the Fund takes pride in the fact that it has achieved commendable progress in enabling the dreams of the members of staff who were privileged to receive affordable credit for the financing of their car ownership and home ownership projects. The Fund hopes to leverage on these small gains to create further momentum towards greater future achievements in facilitating the dreams of applicants

I take this opportunity to thank the County Assembly Service Board and the Management Committee for their support. I also want to thank all staff who we have worked hand in hand to ensure that the Kisumu County Assembly Car Loan and Mortgage Fund achieve its core mission and mandates.



Name: Owen O. Ojuok

Fund Administrator

Date: 30, June, 2025

7. Statement of Performance against county entity’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 for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board. The accounting officer shall include a statement of the county government entity’s performance against predetermined objectives

The key development objective of the Kisumu County Car Loan Fund Scheme for the FY 2024/2025 according to its approved budget was to provide loan services to applicant particularly among staff and to ensure availability of funds to support the first objective. The funds operations were impeded by in adequate funding to extend loan facilities to all staff.

Therefore, the fund has not been able to adequately approve a number of members’ loans applications. This has significantly affected the funds projections in terms of loan approval and expected earnings from the interest from the loan approved.

The fund is looking forward to source for additional funding towards the revolving fund to bring the value to Kshs. 450,000,000 up from its current 270,000,000 in order to enable it to carry out its mandate effectively.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Provision of Mortgage facility to Staff and members	To ensure staff members have access to mortgage facilities	Number of Mortgage issued	74 of staff and members accessing mortgage facility	67 % of scheme members received the Mortgage facility
Provision of Car Loan facility to Staff .	To ensure staff and members have access to car loan facilities	Number of Car loan issued	45 of staff accessing car loan facility	35 % of scheme members received the car loan facility

8. Corporate Governance Statement

The Kisumu County Assembly Car Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members and staff. The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Fund is a formal governance structure with the CASB and the Fund Management Committee at its apex.

The operations of the Fund are governed by The Kisumu County Assembly Car Loan Scheme Regulations made on 26th April, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the Fund Management Committee.

The Kisumu County Assembly Car Loan Scheme Fund Rules and Regulations provide that the Management Committee shall be made up of members, including the chairman, and shall consist of a chairperson and other members nominated by fellow members. The Fund Management Committee is responsible for the long-term strategic direction of the Fund and guidance of the Fund Administrator and his support team. The Fund Management Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Committee is provided with full, appropriate and timely information that enables it to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Fund is delegated to the Fund Administrator but the Fund Management Committee is responsible for establishing and maintaining the Fund's system of internal controls for the realization of its mandate of providing car loan and mortgage facility to members.

The Fund Management Committee meets regularly or as required in order to monitor the implementation of the Fund's strategic plan and achievement of the targets as agreed upon with the Fund administrator and the support team. Therefore, Corporate governance plays a crucial role in the effective management and sustainability of a County Assembly Car Loan Scheme Fund. Strong governance structures ensure transparency, accountability, and alignment with environmental and social objectives, thus fostering trust and ensuring long-term sustainability of the fund. We have enumerated the significant roles played by corporate governance in the management of Kisumu County Car Loan Scheme Fund in the year under review and how Fund management was aligned.

1. Transparency and Accountability; The Fund Administrator ensured accurate and transparent reporting on the fund's financial health, operational activities, and social and environmental impact. Regular reports to

stakeholders, including county assembly members and statutory agencies, help maintain accountability and foster trust. The committee was responsible for overseeing financial management, ensuring that loans are properly allocated and monitored, and that there is minimal risk of mismanagement or fraud.

2. Strategic Decision-Making and Goal Setting; The Fund in a bid to align with County and National Goals was guided by Corporate governance by linking its mission with county priorities, such as affordable housing and sustainable development, and national objectives around green building and climate action. In addition, the committee helped to set sustainability targets, such as promoting green housing projects, reducing the fund's carbon footprint, and aligning financing products with environmental objectives during loan applications by ensuring that the houses intended to be constructed, purchased, and or renovated environmentally friendly in structural designs, form and furnishings.

3. Risk Management and Compliance; In mitigating financial and environmental risk effective governance helped to identify and mitigate financial, operational, and environmental risks. This includes ensuring that staff who received loans do not engage in projects that would negatively impact the environment and that they are financially sustainable with respect to costing and recoveries to be made. Further that loan awardees fully complied with Regulatory Compliance by ensuring that loan beneficiaries complied with relevant housing, financial, and environmental regulations. So as to minimize risks of penalties and legal issues, maintaining the fund's reputation and financial health.

4. Ethical Lending Practices; Through responsible lending policies, the Fund Administrator established ethical lending policies, ensuring that loans are issued based on fair assessments and that they support projects aligned with the fund's mission, such as affordable, eco-friendly housing. Strong governance ensured decisions are made objectively and without conflicts of interest, which is essential for maintaining the integrity of the fund and public trust.

5. Promoting Environmental and Social Responsibility; By integration of ESG (Environmental, Social, and Governance) Principle frameworks and increasingly including ESG considerations, guiding the fund to support projects that benefit both the environment and society. This included promoting energy-efficient housing or projects that prioritize water conservation, Community and Stakeholder Engagement: The committee often facilitate meaningful MCA and staff engagement, gathering input on housing needs and sustainability expectations. This helped ensure that funded projects align with the community's values and needs.

6. Performance Monitoring and Evaluation; The Fund Committee was responsible for setting key performance indicators (KPIs) related to financial performance, sustainability, and social impact. Regular monitoring of these KPIs ensures that the fund is on track to meet its goals. Further, performance data was deployed to identify areas for improvement, adapting strategies, and fostering a culture of continuous improvement in both financial management and sustainability initiatives.

7. Ensuring Long-Term Sustainability; Through Financial and Environmental Viability, Corporate governance helped the fund make decisions that supported long-term financial sustainability while ensuring that environmental objectives are met. This included prudent investment in eco-friendly projects that deliver value over time, structures planning for continuity, leadership development, and adaptability to changing environmental and economic conditions. Thus ensuring that the fund remains sustainable and relevant into the future.

In conclusion, Corporate governance in Kisumu County Assembly Car Fund Scheme ensured that it operated responsibly, transparently, and sustainably. It aligned the fund's activities with county, national, and environmental priorities while ensuring financial integrity and public trust. By fostering a robust governance framework, the fund is hoping to achieve its goals of supporting affordable and sustainable housing while promoting environmental stewardship and community well-being.

9. Management Discussion and Analysis

The Kisumu County Assembly car loan scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Kisumu County adopted the PFM regulations 2015 to guide in the operationalization of the Fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th March 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.

The management committee allocated funds to members considering;

- a) Duly filled application forms,
- b) Amount applied for by the member,
- c) A summarized assessment of the members' repayment capability,
- d) A security provided and forced sale value of such security. (The committee resolved that only valid certificates of title, either leasehold or freehold shall be accepted), and
- e) Duly executed transfer forms in favor of the County Assembly Service Board.

All the loans have been secured with title deeds, log books or leasehold properties certificates. All the car loans and mortgages have been insured. The insurance covers the following risks among others: loss of seat pursuant to Article 194 of the Constitution of Kenya, death and permanent disability. As a provisional measure, the committee retains 3 percent of the loan amount for the purposes of procuring the insurance cover.

Challenges Faced by the Management Committee

The committee has faced some challenges in the management of the car loan and mortgage:

- a) Inadequate understanding by members on the need to provide security for the loans.
- b) Inadequate awareness by the members on the procedure for applications of the loans.
- c) Inadequate skills of secretariat with regards to managing the fund. The secretariat has had to learn most of the things on the job as there was no reference point for most of the questions/ challenges the secretariat is faced with.
- d) Inadequate understanding by members on the mortgage process and the need to take time to establish

uniform laid down procedures from the start to the end of the entire car loan/ mortgage process.

e) Lack of adequate funds. The fund requires at least Kshs. 450,000,000 in order to adequately cater for all the members and staff who require the credit services of the scheme.

The Fund continues to register growth over the years and the management has put measures in place to safeguard against risks. The Fund's overall risk management Programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to members with established credible and reliable credit history.

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

BUSINESS PERFORMANCE

Revenue

The Fund earned revenues amounting to **Kshs. 6,049,135.17** from interest income. This amount is expected to reduce as most MCA's move closer to clearing their loans in the next two year financial years coupled with the fact that there are very little new loans being issued due to staff members owing to inadequate funds.

10. Environmental and Sustainability Reporting

This section of the annual report specifically focused on the county Assembly of Kisumu Car Loan Scheme Fund for the year ended 30th June 2025. Therefore, the report emphasized on sustainable practices related to activities of the fund, loans financed, as well as efforts made by the County Assembly Car Loan Scheme Fund to ensure sustainability thereof.

During the period under review, Kisumu County Assembly Car Loan Scheme Fund carried out a number of activities aimed at safeguarding the environment and on the sustainability of the funds operations as enumerated below:

Promoted Environmental and Social Responsibility; By integration of ESG (Environmental, Social, and Governance) Principle frameworks through increasingly including ESG considerations, guiding the fund to support projects that benefit both the environment and society. This included promoting energy-efficient housing or projects that prioritize water conservation, energy conservation and environmentally friendly construction materials. Staff who successfully secured car loans were encouraged to secure low fuel consumption motor vehicles with a view to reduce air pollution.

Environmental Conservation initiatives; The Fund Administrator mobilized both MCA's and staff to participate in tree planting at Riat Hills, Kibos river, Obunga and Manyatta slums. These activities were deployed in order to increase forest cover, improve health of residence of Kibos area through clean water consumption and environment respectively. The intended impact was the reduction of the negative effects of global warming and prolonging the livelihoods of the residents of Kisumu County.

The Fund Committee undertook Community and Stakeholder Engagements: The committee facilitated meaningful stake holder engagements, gathering input on housing needs and sustainability expectations. This helps ensure that funded projects align with the community's values and needs.

Ethical Lending Practices; Through Responsible Lending Policies, the Fund Administrator established ethical lending policies, ensuring that loans are issued based on fair assessments and that they support projects aligned with the fund's mission, such as affordable, eco-friendly housing. Strong governance ensured decisions are made objectively and without conflicts of interest, which is essential for maintaining the integrity of the fund and public trust and to minimize any disputes that may lead to litigation thus threatening the going concern of the Fund where the court may award high financial damages.

Risk Management and Compliance; In Mitigating Financial and Environmental Risks: Effective governance helped to identify and mitigate environmental risks. This included ensuring that staff who received loans do not engage in projects that would negatively impact the environment and that they are environmentally sustainable with respect type and sources of material used in the construction works. Further that loan awardees fully complied with Regulatory Compliance by ensuring that loan beneficiaries complied with relevant housing, financial, and environmental

regulations. So as to minimize risks of penalties and legal issues, maintaining the fund's reputation and financial health and ensuring that houses constructed are of sound structural standards to avoid loss of lives due to collapse.

Promotion of Education; the County Assembly of Kisumu as a program that is aimed at exposing students to practical experience learning by allowing students and pupils from various schools on study tours visit and be part of the County Assembly plenary sessions. This initiative is geared towards supporting learners to fuse their theoretical learning with practical experience for better understanding of the legislative procedures and process.

Sports and health clubs; the Assembly actively took part in the County Assembly Sports Association competition (CASA) to enhance health and work balance for staff and MCA's, further, Members of the County Assembly organize sports clinics within their respective wards to promote sports and talent amongst the youths in the County.

Water and Energy Conservation initiatives; the County Assembly in a bid to reduce fuel energy consumption has adopted the use of energy saving bulbs within the offices and acquisition of electrical equipment whose energy consumption are lower and installation of solar panels as alternative source of clean energy.

Capacity Building and Staff training; The county Assembly of Kisumu had an extensive program on training, competency skills development, payment of subscriptions to staff who belong to professional organization as well as ensuring that they are in good standing with respect to annual CPD requirements. This program is aimed at ensuring that staff are well equipped to perform their duties optimally.

Reduction in the use of paper within the County Assembly; through automation of its many processes, purchase of tablets for MCA's where plenary documents, and other committee papers are shared in soft, further the assembly has an effective broad casting unit and active website where any information that is expected to be published and publicized is posted. Lastly, the management initiated use of official office mails and WhatsApp group where official communication is shared with members thus leading to reduction of printed copies of memos and other correspondences.

Staff Welfare; The Kisumu County Car Loan Scheme Fund enabled sixteen members to secure affordable loans for the construction of their homes and or purchase of motor vehicles which has helped to motivate, boost morale and enhance the living conditions of the beneficiaries which in turn is expected to prolong their lives hence sustainable work force.

In conclusion, the Kisumu County Car Loan and Mortgage Scheme, management takes cognizance of the important role played by the environment in which it exists thus the need to not only preserve it but to do so in a more sustainable manner for the wellbeing of the County residents and the Country at large. Therefore, the management will continue to enhance the above stated initiatives going forward.

11. Report of the Fund Administrative Committee

The Fund Management Committee submits their report together with the unaudited financial statements for the period ended 30th June, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide car loan and mortgage financing to the members of the Assembly

Results

The results of the Fund for the year ended 30th June, 2025 are set out on pages **1 to 23**

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 Fund Management Committee



Hon. Pamela Awuor Oyoo

Chairperson - Fund Management Committee

Date: 30, June, 2025

12. Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by the Public Finance Management (Kisumu County Assembly Car and Mortgage Loan Scheme Fund) Regulations, 2014 on 31st December 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended June 30, 2025. This responsibility includes: i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund;

iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; iv) Safeguarding the assets of the fund; v) selecting and applying appropriate accounting policies; and vi) Making accounting estimates that are reasonable in the circumstances.

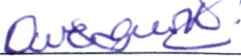
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance Management (Kisumu County Assembly Car and mortgage Loan (Members Scheme Fund) Regulations, 2014 on 31st December 2014. 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 period ended, June 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 County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30, June, 2025 and signed on its behalf by:



Name: Owen O. Ojuok
Fund 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 COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE 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 County Assembly of Kisumu Car Loan and Mortgage Scheme Fund set out on page 1 to 26, which comprise of the

Report of the Auditor-General on County Assembly of Kisumu Car Loan and Mortgage 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 County Assembly of Kisumu Car Loan and Mortgage 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 County Assembly of Kisumu Car Loan and Mortgage Scheme Fund Act and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.1. Interest Income

The statement of financial performance and as disclosed in Note 1 to the financial statements reflect interest income of Kshs.6,049,135. This amount includes Mortgage interest income and car loan interest income of Kshs.1,633,266 and Kshs.4,415,869 respectively. However, the basis for computing the interest income showing the principal amount and the rate for calculating interest was not provided for audit review.

In the circumstances, accuracy and validity of interest income amount of Kshs.6,049,135 could not be confirmed.

1.2. Long Outstanding Debts

The statement of financial performance reflects an amount of Kshs.15,760,521 in respect of Debts. The amount was owing due from the county Assembly due to unremitted car loans and Mortgage deductions that have been outstanding since 2016/2017 financial year. Although Management have provided a payment plan and during the year paid an amount of Kshs.15,000,000 out of the initial Kshs.30,760,521, the full settlement of the debt still remains outstanding.

In the circumstances, the recovery of the debt remains doubtful.

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

Emphasis of Matter

Contingent Liability

Note 13 to the financial statements disclose a contingent liability amount of Kshs.8,389,339. The Contingent Liability relate to an amount owed by the former speaker of County Assembly who owes the amount, which is part of the outstanding loan balance.

The matter is pending in court under legal case No.32 of 2019.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matters

Unresolved Prior Year Matters

In the prior year audit report, two issues were raised under the Report on Financial Statements. These include Long Term Receivables and Committee Allowances. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved

Other Information

Management is responsible for the Other Information set out on page ii to xxv which comprise of Key Entity Information and Management, The Fund Chairman's Report, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Fund Administration Committee, Statement of Performance Against Predetermined Objectives. 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 there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Obtain Collateral for Loan Advances

The statement of financial position and as disclosed in Note 7 to the financial statement reflects an amount of Kshs.123,872,342 in respect of long term receivables. Review of debtor's ledger revealed that seventy-eight (78) staff of the County Assembly benefitted from the Scheme Fund. However, no record was provided to confirm whether the Motor Vehicle log books were issued jointly between Kisumu County Assembly Board and the member of the Scheme and were kept in Custody of the officer administering the fund as required.

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 the 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

29 October, 2025

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

	No	FY 2024/2025 Kshs.	FY 2023/2024 Kshs.
Revenue from exchange transactions			
Interest income	1	6,049,135.17	6,105,417.85
Other income	2	-	-
Total revenue		6,049,135.17	6,105,417.85
Expenses			
Use of Goods and Services	3	2,016,378	290,000
Finance Cost	4	16,400.00	218.85
Total expenses		2,032,778	290,218.85
Surplus/(deficit) for the period		4,016,357	5,815,199

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 30 June, 2025 and signed by:





Administrator of the Fund

Name: Owen Ojuok

Fund Accountant

CPA Mollen Achayo ICPAK No.12924

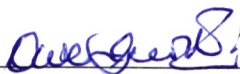
15. Statement of Financial Position as at June 30, 2025

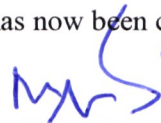
Note		FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	5	95,378,296	8,624,871
Short term receivables	7(b)	64,690,921.25	55,230,071
		160,069,217.25	63,872,942
Non-current assets			
Debts	6	15,760,521	30,760,521
Long term receivables	7 (a)	123,872,341.77	203,540,494
		139,632,861.81	234,301,015
Total Assets		299,702,079.06	298,173,957
Current Liabilities			
Accounts payable	12	418,541.94	0.00
Total Liabilities		418,541.94	0.00
Net Assets		299,283,537.12	298,173,957
Revolving Funds	8	270,000,000.00	270,000,000.00
Prior Year Adjustments	14	(2, 906,777)	0.00
Accumulated surplus	8	32,190,314	28,173,957.15
Total equity and Liabilities		299,283,537.12	298,173,957

• **Prior Year Issue**

Prior year adjustment represents amount of understatement of payables of Kshs.

2, 906,777 erroneously omitted in prior period and has now been correct in 2025.





Administrator of the Fund

Name: Owen Ojuok

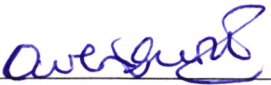
Fund Accountant

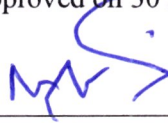
Name: CPA Mollen Achayo
ICPAK No. 12924

16. Statement of Changes in Net Assets as at June 30, 2025

	Revolving Fund	Revaluation Reserve	TOTAL
	Kshs	Kshs	Kshs
Balance as at 1 July 2023	270,000,000	22,358,758	292,358,758
Surplus/(deficit) for the period		5,815,199	5,815,199
Exchequer Release			
Balance. at 30 June 2024	270,000,000	28,173,957	298,173,957
		-	-
Balance as at 1 July 2024	270,000,000	28,173,957	298,173,957
Exchequer Release			
Prior Year Adjustments		(2,906,777)	(2,906,777)
Surplus/(deficit) for the period	-	4,016,357	4,016,357
Balance as at 30 June 2025	270,000,000	29,283,537.12	299,283,537.12

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 30 June, 2025 and signed by:





Administrator of the Fund

Name: Owen Ojuok

Fund Accountant

CPA Mollen Achayo

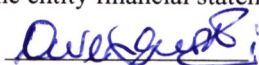
ICPAK No. 12924

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

		FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES	NOTES		
Receipts			
Exchequer Releases	11	15,000,000.00	-
Interest Received	1	6,049,135.17	6,105,417.85
Receipts from other Operating activities	2		-
Total		21,049,135.17	6,105,417.85
Payments			
Use of Goods and Services	3	(2,016,378)	(290,000)
Finance Cost	4	(16,400.00)	(218.85)
Net cash flows from operating activities		19,016,357.17	5,815,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan Disbursements Paid Out	9	(600,000)	(96,000,000)
Car Grants Paid Out			-
Assembly short term borrowings			
Proceeds from Repayments	10	70,807,303.51	48,201,749
Net cash flows from investing activities		70,207,303.51	(47,798,251)
Changes in Current Assets/Labilities			
Increase in Accounts Payables	12	418,541	
Net Changes in Working Capital		418,541	
Net increase/(decrease) in cash and cash equivalents		89,642,201.68	(41,983,052)
Cash and cash equivalents at beginning of period		8,642,871.35	50,625,924
Prior Year Adjustments	14	(2,906,777)	
Cash and cash equivalents at end of period	5	95,378,296.92	8,642,871

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 30 June, 2025 and signed by:





Administrator of the Fund

Name: Owen Ojuok

30th June, 2025

Fund Accountant

Name: CPA Mollen Achayo

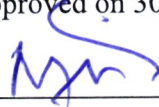
ICPAK No. 12924

18. Statement of Comparison of Budget and Actual amounts for the period ended 30th June 2025

ITEM	NOTES	Original Budget	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization
		2024/2025	2024/2025	2024/2025	2024/2025	2024/2025
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Interest income		6,200,000	6,200,000	6,049,135	150,865	97
Transfer from Exchequer	11	15,000,000	15,000,000	15,000,000	0	100
Total income		21,200,000	21,200,000	21,049,135	150,865	97
Expenses						
Use of Goods and Services	3	2,100,000	2,100,000	2,032,778	67,222	97
Total expenditure		2,100,000	2,100,000	2,032,778	67,222	97
Surplus for the period		4,100,000	4,100,000	4,016,357	83,643	98

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 30 June, 2025 and signed by:





Administrator of the Fund

Fund Accountant

Name: Owen Ojuok

Name: CPA Mollen Achayo
ICPAK No. 12924

19. Notes to the Financial Statements

1. General Information

Kisumu County Assembly Car loan scheme fund is established by and derives its authority and accountability from Kisumu County Assembly Car loan scheme fund regulation and PFM Act 2012.

The Fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya. The Fund's principal activity;

- a. Provision of loan for purchase of vehicles, development, renovation or repair of residential houses to members of the scheme
- b. Raise funds for implementation of the activity above (a).

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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, Kisumu County Car Loan Scheme Fund regulation, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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 are no new standards effective in the FY 2024-2025.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard will not have any significant impact in the fund because the fund doesn't have any lease arrangement in its operation</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard will not have any significant impact in the fund because the fund doesn't have any asset classified as held for sale in its current operation</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p>

	<p>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 recognized 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. <i>The standard will not have any significant impact in the fund because the fund doesn't have property, plant and equipment.</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard will have impact on recognition and measurement of loan receivable accounts.</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>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><i>The standard will not have any significant impact in the fund because the fund doesn't deal with exchange transactions</i></p>

<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>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><i>The standard will not applicable to the fund as currently constituted</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>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><i>The standard will not applicable to the fund as currently constituted</i></p>

iii. Early adoption of standards

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

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 Fund 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 realized in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

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.

Dividends

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

Rental income

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

b. Budget information

The original budget for FY 2024-2025 was approved on 29th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Fund'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 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 under section 18 of these financial statements.

c. Property, plant, and equipment (PPE)

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 Fund 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. Investment property

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

f. Financial instruments

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

financial liability.

I. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the

objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

II. Financial liabilities

Classification

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

g. Contingent liabilities

The Fund 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. The fund has a current an on-going litigation to recover funds borrowed by the former Speaker of the County Assembly, Hon Onyango Oloo.

h. Contingent assets

The Fund 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 Fund 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.

i. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The fund maintains an accumulated reserve fund measured at fair value.

j. Changes in accounting policies and estimates

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

k. 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.

l. Related parties

The Fund 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 Fund, or vice versa. Members of the committee, the county assembly and the county government of Kisumu are regarded as related parties and comprise the MCAs, the Fund Administrator, and Fund Accountant.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known

amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Funds principle banker, Family Bank of Kenya at the end of the financial year.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Devolution. Its ultimate parent is the Government of Kenya.

q. Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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. The Fund management have assumed going concern thus recoverability of all loan receivables.

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 Fund. Such changes are reflected in the assumptions when they occur.

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 Fund
- 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 continued.

1. Interest income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Mortgage Interest	1,633,266.49	4,641,442.85
Car Loan Interest	4,415,868.67	1,463,975.00
	6,049,135.17	6,105,417.85

2. Other income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Insurance recoveries	0	0
Income from Sale of Tender documents	0	0
Bad debts recovered	0	0
Miscellaneous income (<i>Specify</i>)*	0	0
Total Other income	0	0

3. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Committee Allowance	0	290,000
Commission on Fund Management	2,016,378	0
		0
Total	2,016,378	290,000

4. Finance Cost

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Bank Charges	16,400.00	218.85
Total	16,400.00	218.85

5. Cash and Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Car loan and mortgage account	95,378,296.92	8,642,871
Total	95,378,296.92	8,642,871

5(a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	FY 2024/2025 Kshs.	FY 2023/2024 Kshs.
Mortgage and Car Loan Fund			
Kisumu County Assembly Staff Car loan and Mortgage Account – Family Bank, Kisumu Branch	028000031652	95,378,296.92	8,642,871
Grand Total		95,378,296.92	8,642,871

6. Debt

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
County Assembly of Kisumu b/f	30,760,521	30,760,521
Payments done during the year	15,000,000	0.00
Total	15,760,521	30,760,521

The listed debt of Kshs15,760,521 is in respect of the debt that the County Assembly of Kisumu owes the fund due to unremitted Car Loans and Mortgages deductions from the FY 2016/2017 as outlined below.

COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE
AMOUNT OWED TO THE FUND AS AT 30 JUNE, 2023

Details	Period	Amount
Payroll Deductions	January - December 2016	85,952,242
Payroll Deductions	January - August 2017	44,858,526
Total Deductions		<u>130,810,767</u>
Less:		
Remittances		-78,759,241
Amount Owed to the Fund as at 31/08/2017		<u>52,051,526</u>
Amount Paid on 30/05/2018		7,178,895
BALANCE DUE		<u>44,872,631</u>
Less		
Repayment (09/03/2023)		14,112,110
Due 30.06.2024		<u>30,760,521</u>
Paid 31/01/2025		15,000,000.00
Balance		<u>15,760,521.00</u>

7.(a) Long-term Receivables

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Car Loan Balances	29,331,041.20	69,822,008.60
Mortgages balances	94,541,299.80	133,718,485.40
Total	123,872,341.00	203,540,494.00

7.(b) Current portion of Long Term Receivables

Description	FY 2024/2025	FY 2023/2024
Car Loans balances	18,711,700.94	22,092,028.40
Mortgage Loans balances	45,979,220.91	33,138,042.60
Total	64,690,921.25	55,230,071.00

We have separated prior year opening long term receivables from current to align to the year under review.

8. Revolving Fund and Accumulated Surplus

	Revolving Fund	Revaluation Reserve	TOTAL
	Kshs	Kshs	Kshs
Balance as at 1 July 2023	270,000.000	22,358,758	292,358,758
Surplus/(deficit) for the period		5,815,199	5,815,199
Exchequer Release	0.00		0.00
Balance as at 30 June 2023	270,000,000	28,173,957	298,173,957
		-	-
Balance as at 1 July 2024	270,000.000	28,173,957	298,173,957
Prior year Adjustment	0	(2,906,777)	(2,906,777)
Surplus/(deficit) for the period	-	4,016,357	4,016,357
Balance as at 30 June 2024	270,000,000	29,283,537.12	299,283,537.12

9. Loan Disbursements

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Car Loans	0.00	25,100,000
Mortgages	600,000	63,900,000
Total	600,000	96,000,000

10. Proceeds from Repayment

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Loans Repayments	76,856,438.68	54,307,166.85
Interest Earned	(6,049,135.17)	(6,105,417.85)
Net Repayment	70,807,303.51	48,201,749

11. Transfer from Exchequer

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfer from Exchequer	15,00,000	-
Total	15,00,000	-

12. Accounts Payable

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Commission payable	2,016,378.39	0
Actual paid FY 2024/2025	1,597,836.45	
Balance payable	418,541.94	0

13. Contingent Liability

The former speaker to the Assembly Hon. George Onyango Oloo, a beneficiary of the scheme currently owes the fund the sum of **Kshs. 8,389,339.00**. The amount owed is in arrears and recovery process has been initiated.

It should be noted that settlement of the amount owed is contingent to factors beyond the funds control and therefore presents a contingent liability that the scheme may be forced to assume in the interminable future.

Contingent liabilities	FY2021/2022
	Kshs.
Legal Case No. 32 of 2019	8,389,339

14. Prior Year Adjustments

	Balance b/f from Comparative 2024 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f For Comparative 2024
Description Of the Error	Kshs	Kshs	Kshs
Accounts Payables	0	2,906,777	2,906,777
Total	0	2,906,777	2,906,777

* Prior year adjustment represents amount of understatement of payables of Kshs. 2,906,777 erroneously omitted in prior period and has now been correct in 2025.

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Long Outstanding Debt	The Management is implementing a payment plan. During the period under review, Kshs. 15,000,000 was remitted towards reduction of this debt.	Not Resolved	30 th June 2027
2	Long term Receivables.	The long term receivable relates to the former Speaker of the Assembly and matter is active under litigation. We have however, made the necessary disclosures in the financial statement as we await the final determination by the courts.	On going	Upon determination by the court.

COUNTY ASSEMBLY OF KISUMU - Car Loan Scheme Fund
 Annual Reports and Financial Statement for the Period ended June 30, 2025

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)
3	Committee allowances	The Management as since provided the calendar of activities and the attendance registers for review by the auditor.		30 th June 2025
4	Un resolved Prior Year Audit Matters.	Issue 1 is under implementation and the Management is on course with the payment plan. The Management is yet to resolve issue number 2 relating to	1 is resolved however, 2 still Pending.	30 th June 2025

COUNTY ASSEMBLY OF KISUMU - Car Loan Scheme Fund
 Annual Reports and Financial Statement for the Period ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		long outstanding receivable given it is an active matter before the courts pending determination.		