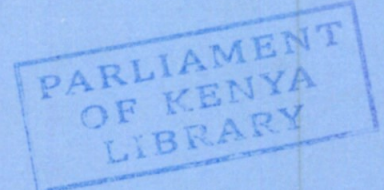
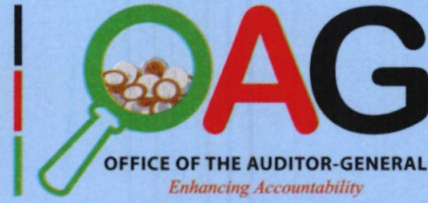



REPUBLIC OF KENYA



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**SOCIAL HEALTH AUTHORITY CAR LOAN AND**  
**MORTGAGE SCHEME**  
**FOR THE YEAR ENDED**  
**30 JUNE, 2025**

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
<b>DATE:</b>	<b>11 FEB 2026</b>
	<b>DAY:</b> WEDNESDAY
<b>TABLED BY:</b>	LEADER OF MAJORITY PARTY (Hon. KIMANI ICHUNGWAH)
<b>CLERK-AT-THE-TABLE:</b>	J. LEMERELLE

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

15 DEC 2025

RECEIVED



**SHA** | Social Health  
Authority  
*Bima Bora, Afya Nyumbani*

---

**SOCIAL HEALTH AUTHORITY CAR LOAN AND MORTGAGE SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

---

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

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025*

---

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025*

---

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1. ACRONYMS AND DEFINITION OF KEY TERMS .....	III
2. KEY FUND INFORMATION AND MANAGEMENT .....	V
3. THE BOARD OF DIRECTORS .....	X
4. KEY MANAGEMENT TEAM .....	XVII
5. CHAIRMAN'S STATEMENT.....	XXI
6. REPORT OF THE CHIEF EXECUTIVE OFFICER .....	XXII
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25.....	xxiii
8. CORPORATE GOVERNANCE STATEMENT .....	XXV
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	xxxii
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxxv
11. REPORT OF THE BOARD OF DIRECTORS.....	xxxix
12. STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	XL
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF SOCIAL HEALTH AUTHORITY'S CAR LOAN AND MORTGAGE SCHEME.....	xlii
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025.....	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025 .....	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025..	3
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025.....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025.....	5
19. NOTES TO THE FINANCIAL STATEMENTS.....	6
20. ANNEXES.....	31

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

---

**1. ACRONYMS AND DEFINITION OF KEY TERMS**

**A. Acronyms**

The following list of acronyms shall be used in the annual report and financial statements of the Social Health Authority. They comprise as follows: -

SHA	<i>Social Health Authority.</i>
NHIF	<i>National Health Insurance Fund.</i>
AUTHORITY	<i>Refers to the Social Health Authority.</i>
FUND	<i>Refers to the National Health Insurance Fund.</i>
GOK	<i>Government of Kenya.</i>
MOH	<i>Ministry of Health.</i>
COG	<i>Council of Governors.</i>
OCOB	<i>Office of the controller of Budget.</i>
OAG	<i>Office of the Auditor General.</i>
DCI	<i>Directorate of Criminal Investigation.</i>
CS	<i>Cabinet Secretary.</i>
PS	<i>Principal Secretary.</i>
CEO	<i>Chief Executive Officer</i>
DFS	<i>Director, Financial Services.</i>
HOD	<i>Head of Department.</i>
IPSAS	<i>International Public Sector Accounting Standards.</i>
IAS	<i>International Accounting Standards.</i>
PFM	<i>Public Finance Management.</i>
PPADA	<i>Public Procurement and Asset Disposal Act.</i>
COTU	<i>Central Organization of Trade Union.</i>
FKE	<i>Federation of Kenya Employers.</i>
CPAK/CPA	<i>Certified Public Accountant of Kenya / Certified Public Accountant.</i>
CPS/CS	<i>Certified Public Secretary / Certified Secretary.</i>
KISM	<i>Kenya Institute of Supplies Management.</i>
MOU	<i>Memorandum of Association.</i>
OHS	<i>Occupational Health &amp; Safety.</i>
FY	<i>Financial Year.</i>
KSHS	<i>Kenyan Shilling.</i>
ERP	<i>Enterprise Resource Planning System.</i>
QVTERM	<i>NHIF ERP.</i>
REP.	<i>Representative.</i>
AG.	<i>Acting.</i>
KRA	<i>Kenya Revenue Authority.</i>
USAID	<i>United States Agency for International Development.</i>
PHCF	<i>Primary HealthCare Fund</i>
SHIF	<i>Social Health Insurance Fund</i>
ECCIF	<i>Emergency Chronic and Critical Illness Fund</i>
POMSF	<i>Public Officers Medical Scheme Fund</i>
Funds	<i>Means either amounts/ figures or balances being discussed</i>

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025*

---

**B. Definition of Key Terms**

The following list of definitions of terms shall be used in the annual report and financial statements of the Social Health Authority. They comprise as follows: -

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

**Comparative Year** Means the prior period.



## **2. KEY FUND INFORMATION AND MANAGEMENT**

### **a) Background information**

Car loan and Mortgage scheme was established through board approves in 2017 and 2001 respectively. The Scheme was established to offer financial assistance for vehicle acquisition and address housing challenges, particularly for staff stationed in urban areas.

The Mortgage Scheme over the years, has evolved to align with changing regulatory frameworks and internal policies, ensuring it remains a viable and beneficial option for SHA staff. Similarly, the Car Loan Scheme was formalized through a Memorandum of Understanding signed in 2017 with the National Bank of Kenya (NBK). It reflects SHA's commitment to staff welfare, providing access to affordable car loans with competitive interest rates and flexible repayment terms.

The foundation for the car loan scheme was laid earlier during an NHIF Executive Board meeting held on 21st May 2003, when Management's proposal for its establishment was considered and approved in principle, as recorded in Minute Number E/129/2003. This marked a significant step toward enhancing staff welfare through accessible financing options.

The Scheme is wholly owned by Social Health Authority (SHA) that derives its authority and accountability from Social Health Insurance Act No. 16 of 2023, succeeding the National Health Insurance Fund (NHIF) Act and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to:

- To provide SHA employees with access to affordable housing solutions.
- To support employees by offering financial assistance to purchase vehicles

### **Customer Service Charter**

The Authority has a customer service charter that pledges and commits the following to the customer:

- ❖ Treating with courtesy and respect.
- ❖ Upholding professionalism in serving.
- ❖ Providing quality service.
- ❖ Being accessible.
- ❖ Providing accurate, relevant, timely and clear information.
- ❖ Being responsive to customer needs and expectations.
- ❖ Monitoring and evaluating customer satisfaction levels.

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

**KEY FUND INFORMATION AND MANAGEMENT (Continued)**

- ❖ Handling all customer information with utmost confidentiality.
- ❖ Upholding ethics in a corruption free environment.

The CEO is the scheme administrator. The Scheme is administered by the Fund Administrator. Scheme administrator charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans.

**c) Board of Directors Committee**

The Board of Directors are representatives of all key stakeholders and are charged with the running of the organization through policy formulation and decision making on all policy matters. Following the enactment of the Social Health Insurance Act, No. 16 of 2023, on 19th October 2023 and coming into force on 22nd November 2023, the representation of the Board in the Financial Year 2024/2025 comprised as follows.

	NAME	TITLE/ REPRESENTING	DATE OF APPOINTMENT
1.	Dr. Mohamed Abdi Mohamed	Chairperson	17 <sup>th</sup> September 2024
2.	Dr. Ouma Oluga	PS, Medical Services, Ministry of Health	17th April 2025
3.	Dr. Andrew Mulwa	Alternate - PS Medical Services	18th March 2025
4.	Mr. Samuel Kiptorus	Alternate - PS National Treasury	22nd November 2023
5.	Dr. Patrick Amoth	Director General for Health, Ministry of Health	22 <sup>nd</sup> November 2023
6.	Dr. Francis Atwoli	Central Organization of Trade Unions	22 <sup>nd</sup> November 2023
7.	Ms. Jacinta Kathamu Mutegi	Consortium of Healthcare Providers	22 <sup>nd</sup> November 2023
8.	Mr. Gerald Macharia	Council of Governors	29 <sup>th</sup> August 2024
9.	Dr. Ibrahim Matende	CS, Ministry of Health Appointee	3rd October 2024
10.	Dr. Angela Ndunge	CS, Ministry of Health Appointee	22 <sup>nd</sup> November 2024
11.	Ms. Roselyn Mungai	Rep. CEC Health Caucus	28th March 2025
12.	Dr. Mercy Mwangangi	Chief Executive Officer/ Ex-Officio Member	11th April 2025
13.	CS. Terry Rotich	Ag. Corporation Secretary/ Secretary	22 <sup>nd</sup> November 2023

The following members of the Board also served during the year under review.

	NAME	TITLE/ REPRESENTING	DATE OF EXIT
1.	Dr. Timothy Olweny	Chairman	17th September 2024
2.	Mr. Harry Kachuwai Kimtai	PS, Medical Services, Ministry of Health	17th April 2025
3.	Dr. Zeinab Gura	Rep. PS Medical Services, MOH	17th March 2025
4.	Dr. Abdi Mohamed	CS Appointee	17th September 2024
5.	Ms. Linda Gebson	Rep. Council of Governors	29th August 2024
6.	Dr. Zakayo Kariuki Gichuki	Rep CEC Health Caucus	12th November 2024
7.	Mr. Elijah Wachira	Chief Executive Officer/ Ex-Officio Member	30th April 2025
8.	CPA. Robert Ingasira	Ag. Chief Executive Officer/Ex-Officio member	30th May 2025

**KEY FUND INFORMATION AND MANAGEMENT (Continued)**

**d) Key Management**

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Mercy Mwangangi
2.	Director Audit	CPA. Pariken Ole Sankei
3.	Director Provider & Beneficiary Management	Ms. Hazel Jemutai Koitaba
4.	Director Corporate Services	Mr. Ibrahim Mohamed Alio
5.	Director Funds & Finance Management	CPA. Robert Mbarani Ingasira
6.	Ag. Director Benefits & Claims Management	Dr. Tracey John
7.	Ag. Corporation Secretary	CS. Terry Rotich

**e) Fiduciary Oversight Arrangements**

The Finance Committee and Audit and Risk Committee roles in a corporate governance structure are in line with fiduciary oversight to ensure careful financial management, risk reduction, and compliance with laws and regulations.

**Finance Committee**

The primary fiduciary responsibilities of the Social Health Authority Finance Committee include:

1. Budget and Financial Planning: Overseeing the corporation's budget preparation and implementation to ensure it aligns with strategic goals and long-term financial sustainability.
2. Financial Reporting: Reviewing financial statements, reports, and forecasts to monitor the organization's financial health for accuracy and compliance with accounting standards and legal requirements.
3. Capital Management: Overseeing and recommending policies related to capital allocation and utilization to ensure optimal use of financial resources and effective capital investments.
4. Expenditure Oversight: Monitoring the organization's expenditure for efficiency, cost-effectiveness, and compliance with approved budgets.
5. Funding and Investment Decisions: Recommending funding strategies for the organization's operations and projects and reviewing and approving major financial transactions and investments.
6. Ensuring Internal Financial Controls: Implementing internal financial controls to prevent fraud, financial mismanagement, and waste.

## KEY FUND INFORMATION AND MANAGEMENT (Continued)

### Audit and Risk Committee

The key fiduciary oversight duties of the Social Health Authority Audit and Risk Committee include:

1. Risk Management: Identifying, assessing, and monitoring key financial, operational, and strategic risks facing the corporation and recommending risk mitigation strategies while ensuring effective implementation of risk management policies.
2. Internal Audit Oversight: Overseeing the internal audit functions, including reviewing audit plans, reports, and findings to ensure independent operation in line with best practices.
3. Compliance with Statutory and Regulatory Requirements: Ensuring compliance with all statutory and regulatory requirements, including tax obligations and reporting standards.
4. External Audit Oversight: Reviewing and recommending the selection of external auditors and ensuring timely and transparent external audits. Additionally, reviewing audit reports to address any weaknesses in financial or risk management practices.
5. Financial Integrity: Monitoring and assessing the organization's financial integrity while ensuring that financial policies, procedures, and systems safeguard the corporation's assets.
6. Fraud Prevention and Detection: Establishing mechanisms to detect and prevent fraud, corruption, and unethical conduct, while overseeing investigations into any allegations of fraud or misconduct.
7. Reporting to the Board: Reporting significant risk, control issues, and compliance matters to the Full Board for decision-making and action.

### f) Registered Offices

P. o. Box 30443 00100  
SHA Building  
Ragati Road  
Nairobi, KENYA

### g) Fund Contacts:

The Chief Executive Officer,  
Social Health Authority,  
Telephone: 020 2793003 / 020 2731249/ 0800720601  
E-mail address: [info@sha.go.ke](mailto:info@sha.go.ke)  
Website: [www.sha.go.ke](http://www.sha.go.ke)

**KEY FUND INFORMATION AND MANAGEMENT (Continued)**

**h) Corporate Bankers**

National Bank of Kenya  
Hill Branch  
P.O. Box 45219-00100  
Nairobi, Kenya

Kenya Commercial Bank  
Moi Avenue Branch  
P.O BOX 30081-00100  
Nairobi, Kenya

**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 Advisers**

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

### 3. THE BOARD OF DIRECTORS

#### **Dr. Mohamed Abdi Mohamed Chairman SHA**

Dr. Mohamed Abdi Mohamed is the Chairman of the Social Health Authority, leading its historic transition from the defunct National Health Insurance Fund (NHIF) into a revitalized institution central to Kenya's Universal Health Coverage agenda.

A healthcare executive and entrepreneur with over 12 years of experience in both public and private sectors, he brings a proven track record of strategic growth and innovation.

As Co-founder and CEO of Ladnan Hospital, he transformed it from a small facility into a state-of-the-art tertiary care center within four years, introducing critical services such as dialysis and ICU care. His leadership is marked by a strong commitment to community health and a vision for equitable, accessible healthcare for all Kenyans.

He holds a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi.



#### **Dr. Mercy Mwangangi Chief Executive Officer SHA**

Dr. Mercy Mwangangi is the Co-Chair of the Future of Global Health Initiatives, and now the Chief Executive Officer of the Social Health Authority (SHA). Dr Mwangangi is a Health Economist and Policy Analyst with a background in medicine.

She possesses knowledge and experience in conducting high-quality Strategic Health Program Planning, Monitoring, and Evaluation activities, with a focus on Universal Health Coverage and Primary Health Care.

She has considerable experience in conducting in-depth Health Situation Analyses and producing actionable recommendations and guidelines on future program directions, incorporating international policies and standards tailored to local needs.



***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

**Dr. Fredrick Ouma Oluga  
PS Ministry of Health**



Dr. Fredrick Ouma Oluga is the Principal Secretary in the State Department of Medical Services, Ministry of Health. A medical doctor and public health leader, he has been a strong advocate for the welfare of healthcare workers and the advancement of medical services in Kenya.

He holds a Bachelor of Medicine and Bachelor of Surgery from Moi University, a Master's in Internal Medicine from the University of Nairobi, and a Postgraduate Diploma in Infectious Diseases from Makerere University.

His leadership came to national prominence in 2015 as Secretary-General of the Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU), where he championed improved working conditions, fair remuneration, and better resourcing of Kenya's health facilities.

Known for his strategic thinking and collaborative leadership style, Dr. Oluga continues to blend clinical expertise with a passion for systemic health reform, driving policies that strengthen Kenya's healthcare delivery and Universal Health Coverage agenda.

**Dr. Patrick Amoth  
DG for Health, Ministry of Health**



Dr. Patrick Amoth is the Director General for Health in the Ministry of Health and the immediate past Chair of the World Health Organization's Executive Board.

As a consultant obstetrician and gynaecologist, he has contributed in advancing Kenya's Universal Health Coverage agenda and strengthening the country's health systems. Dr. Amoth has had a long career in Kenya's civil service, progressing from medical officer intern to medical superintendent and later serving as the Director of Public Health.

In this role, he developed strategies for delivering effective services in 47 counties. He was also instrumental in managing the COVID-19 pandemic and currently chairs Kenya's National Taskforce on the Ebola Virus Disease.

He holds a Bachelor of Medicine and Bachelor of Surgery degree, as well as a Master of Science degree in Obstetrics and Gynaecology from the University of Nairobi. Additionally, he has a Diploma in Health Systems Management from Galilee College in Israel.



**Mr. Samuel Kiptorus**  
**Alternate - PS National Treasury**

Mr. Samuel Kiptorus is a highly accomplished professional with extensive experience in economics with specialization on Public Finance. As a Director at the National Treasury and Economic Planning, he has demonstrated exceptional leadership and strategic vision in driving the country's economic policies and planning.

With a distinguished educational background, including a master's degree in economics from the University of Dar es Salaam and a Bachelor of Arts in Economics from the University of Nairobi. Additional expertise on strategic leadership, strategic planning, budgeting, monitoring and evaluation. He brings a deep understanding of economic principles and their practical applications. His previous role as Chief Economist at the Ministries of Devolution, Planning, Fisheries and Information Communication and Technology further underscores his expertise in shaping and implementing economic strategies at a national level. In addition, the director has served in various boards namely: ICT Authority, Mineral Right Board, Maseno University Council, Lake Victoria North Water Services and Nairobi International Financial Center Authority.

**Dr. Andrew Mulwa**  
**Alternate - PS National Treasury**

Dr. Andrew Mulwa is the Director of Medical Services for Preventive and Promotive Health at the Ministry of Health, Kenya. A public health specialist with a strong record in healthcare leadership and crisis management, he previously served as Acting CEO of the Kenya Medical Supplies Authority (KEMSA), steering the agency through a period of reform.

His expertise also includes a notable role in advancing the Makueni County Universal Health Care initiative.

Dr. Mulwa holds a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi, an MSc in Strategic Management from Jomo Kenyatta University of Agriculture and Technology and has completed advanced programs in Health Systems from Harvard University and the University of Edinburgh.





**Dr. Francis Atwoli, NOM(DZA), CBS, EBS  
Central Organization of Trade Unions**

Dr. Francis Atwoli is the long-serving Secretary-General of the Central Organisation of Trade Unions (Kenya) and a leading voice for workers' rights in Africa and globally.

With over five decades in labour leadership, he has served on the Governing Body of the International Labour Organisation, as President of the Organisation of African Trade Union Unity, and as Vice President of the International Trade Union Confederation.

He sits on several boards, including the Social Health Authority, and has been honoured with national and international awards for his advocacy of social justice and decent work. Dr. Atwoli holds advanced diplomas in labour and industrial relations, as well as a Doctor of Humane Letters (Honoris Causa) in Labour Relations.

**Ms. Jacinta Kathamu Mutegi  
Consortium of Healthcare Providers**

Jacinta Kathamu Mutegi is the National Executive Secretary of the Catholic Health Commission of Kenya at Kenya Conference of Catholic Bishops (KCCB). She manages a network of 497 health facilities, 22 medical training colleges, and over 50 community health programs. With 21 years of experience in health systems leadership, she specialises in governance, health financing, supply chain management, resource mobilisation, and forming strategic partnerships.

Jacinta holds a Master of Arts in Project Planning and Management from the University of Nairobi, a Bachelor of Environmental Studies from Kenyatta University, and an Executive Master's in Organisational Development from USIU-Africa. She has undertaken short courses on leadership, governance, grant management, Good Clinical Practices, Project Management for Clinical Research and Monitoring and Evaluation for population and health programmes.



She is a member of the Caritas Internationalis Task Force on the Global Fund, a member of the Country Coordinating Mechanism for The Global Fund - Kenya focusing on health advocacy and service delivery coordination. She has served in board roles for National Syndemic Diseases Control Council, National Council for Population and Development and Mission for Essential Drugs and Supplies and Novonordisk's iCARE Advisory Board. Ms. Mutegi is the current Chair of the Kenya Faith Based Health Services Consortium.

**Mr. Gerald Macharia  
Council of Governors**



Gerald Macharia serves as the Vice President for East & Southern Africa for the Clinton Health Access Initiative (CHAI). He

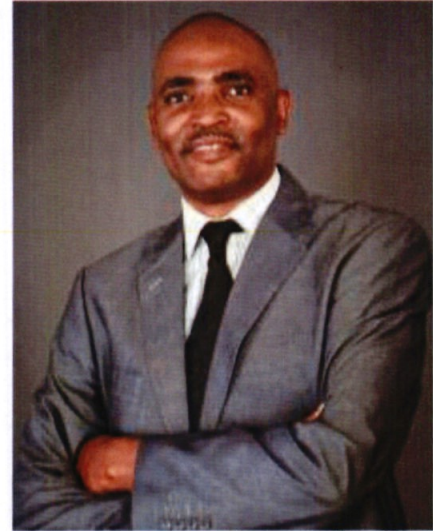
joined CHAI in 2005 as the pioneer Country Director for Kenya, after a 5-year stint as CEO of Kenya based Faulu Microfinance Bank.

In this role, he works closely with the various Governments' Ministries of Health across these countries to design, fund and execute public health programs cutting across various intervention areas geared towards delivering effective solutions that drive impactful results.

As a member of CHAI's global leadership team, he brings to these countries CHAI's well known track record in creating change, making global health solutions that have saved millions of lives over the years.

He earned his undergraduate degree from Kenyatta University and holds a post-graduate Diploma in Marketing from the Chartered Institute of Marketing of the UK, an MBA from the Edinburgh Business School and an MBA from Kenya's Moi University Business School. He is also a Commonwealth Scholar in Corporate Planning & Strategy and an alumnus of Stanford University's Graduate School of Business program on Strategy and Organization.

**Dr. Ibrahim Ondeko Ndale Matende  
Kenya Medical Association**



Dr. Matende is a prominent ophthalmologist and healthcare leader in Kenya, specializing in Paediatric Ophthalmology and Strabismus. He holds a Bachelor of Medicine and Surgery, Master of Medicine in Ophthalmology, and Postgraduate Diploma in STI/HIV from the University of Nairobi.

His current leadership positions include Vice President of the Kenya Medical Association, President of the Ophthalmological Society of Kenya, Council Member of COECSA, and Secretary General of the Africa Ophthalmology Council. He previously served as founding President of COECSA and Medical Director of the Lighthouse for Christ Eye Centre.

Dr. Matende has significantly contributed to public health initiatives, playing a key role in Mombasa County's COVID-19 response and leading pioneering anti-trachoma programs, including Kenya's first mass antibiotic treatment initiative. He served on The Queen Elizabeth Diamond Jubilee Trust's Commonwealth Eye Health Consortium steering committee. Passionate about healthcare advocacy, governance, and leadership, Dr. Matende views human resource development as essential for accessible, quality healthcare.

**Dr. Angela Ndunge  
CS Health Appointee**

Dr. Angela Ndunge is a Chartered Psychologist and a Senior Lecturer in Organisational Behaviour at Strathmore University Business School (SBS). She holds a PhD in Applied Psychology and an MSc in Work and Organisational Psychology from the University of Nottingham UK. She is an expert in leadership development, workplace well-being, and strategic human resource management, with a proven record of translating academic research into transformative executive training.



She currently directs a portfolio of major initiatives as the Principal Investigator on two significant grants: a \$3.2 million project from the Conrad N. Hilton Foundation to support catholic sisters to transform their social ministries into sustainable social enterprises across five African countries (Kenya, Uganda, Tanzania, Zambia and Malawi), and a grant from the Gates Foundation to advance women's leadership in the Kenyan health sector. As the former Deputy Executive Dean of Strathmore University Business School (SBS), Dr. Ndunge was instrumental in driving the school's executive education strategy and expansion across East and Southern Africa.

Beyond her academic and professional endeavors, Dr. Ndunge contributes to the broader community by serving on the board of the Association of African Business Schools (AABS) and chairing the board of St. Patrick's Schools in Mbiuni, Machakos County.



**Ms. Roselyne Mungai  
CEC Health Caucus**

Roselyne Wanjiru Mungai is the County Executive Committee Member for Health in Nakuru County. A seasoned development and governance professional, she brings nearly three decades of experience in program management across legislative development, devolution, peacebuilding, and institutional strengthening. Previously,

she served as CEO of the County Assemblies Forum and has led programs with USAID, AHADI, PACT, Oxfam GB, and other prominent development organisations.

Since assuming the CECM Health role, she has taken a hands-on approach to service delivery, conducting facility visits such as to Olenguruone Sub- County Hospital and Menengai Crater Dispensary where she assessed workflow, ensured immunisation campaigns like the "Big Catch Up" are in place, and championed infrastructure improvements.

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

---

**Cs. Terry Rotich  
Ag. Corporation Secretary SHA**

Terry is a senior legal professional with over 13 years of experience in public and private sectors, specializing in rights-based program development and management. She currently serves as Ag. Corporation Secretary for the Social Health Authority (SHA).

At SHA, Terry supports Board governance by preparing papers and minutes, maintaining the conflicts register, and serving as custodian of the organizational seal. She provides legal advice, oversees court representation, drafts contracts and MOUs, and implements Mwongozo, the Authority's Code of Conduct.

Previously, she served as Principal State Counsel at the Ministry of Health, managing legal matters and advising on negotiations and contracts. She also worked as Senior State Counsel at the Attorney General's Office, advising ministries on contracts and international agreements, and as Senior Associate at Kairu & McCourt Advocates. Terry holds an LLB from Moi University, a Postgraduate Diploma in Law from Kenya School of Law and is pursuing an LLM in Corporate Governance. She is a member of LSK, FIDA-K, and ICS.



#### **4. KEY MANAGEMENT TEAM**

The Key Management team is comprised of the Chief Executive Officer and Directors of departments who are dedicated professionals working with staff and clients to provide strategic planning for the Authority's future goals. The following are the key management of SHA.



***Dr. Mercy Mwangangi***  
**Chief Executive Officer**

Dr. Mercy Mwangangi is the Co-Chair of the Future of Global Health Initiatives, and now the Chief Executive Officer of the Social Health Authority (SHA). Dr Mwangangi is a Health Economist and Policy Analyst with a background in medicine.

She possesses knowledge and experience in conducting high-quality Strategic Health Program Planning, Monitoring, and Evaluation activities, with a focus on Universal Health Coverage and Primary Health Care.

She has considerable experience in conducting in-depth Health Situation Analyses and producing actionable recommendations and guidelines on future program directions, incorporating international policies and standards tailored to local needs.

***CPA. Robert Mbarani Ingasira***  
**Director, Funds & Finance Management**

CPA Mbarani is a highly accomplished financial professional with a wealth of experience and a proven track record of success in various leadership roles. With a Master of Business Administration (Executive), Bachelor of Arts, Higher Diploma in Human Resource Management, and completion of the Strategic Leadership Development Programme (SLDP), Robert possesses a strong educational background that complements his extensive practical experience.

During his tenure as the General Manager at Kenya Deposit Insurance Corporation, Robert demonstrated exceptional leadership and strategic thinking, contributing to the organization's success over six years. His role as the Chief Manager Finance and Administration at the Privatization Commission of Kenya further showcased his ability to excel in dynamic and challenging environments.

With a solid background in financial management, hands-on experience and a distinguished member of professional organizations, including the Institute of Certified Public Accountants of Kenya (ICPAK) and others, CPA Robert stands out as a competent, dedicated, and accomplished financial leader, capable of driving success and growth in any organization.





**CPA. Pariken Ole Sankei**  
**Director, Internal Audit**

CPA Sankei is an accomplished professional with a proven track record in internal audit and financial management. He holds a Master of Business Administration (Executive) and a Bachelor of Science in Internal Business Administration with a focus on Accounting & Finance. Certified as a Public Accountant in Kenya, he has also completed the Strategic Leadership Development Programme (SLDP), further enhancing his strategic acumen.

In his role as Director of Internal Audit, Sankei draws from his rich experience, having served on the ICPAK Audit, Risk, and Compliance Committee, as well as the Office of the Registrar of Political Parties Audit Committee. His previous position as Chief Internal Auditor at the Public Service Commission honed his skills in risk management and compliance.

With such extensive qualifications and diverse experience, CPA Sankei is a valuable asset, providing strategic leadership and expertise in internal audit and financial management.

**Ms. Hazel Jemutai Koitaba**  
**Director, Provider & Beneficiary Management**

Ms. Hazel is a visionary leader with an extensive educational background and a proven track record in management. Her qualifications include a Master of Politics & Policy, a Bachelor of Business majoring in Marketing, and a Post Graduate Diploma in Business (Marketing).

In addition, she has successfully completed a Strategic Leadership Development Programme (SLDP) and is a distinguished member of the Marketing Society of Kenya (MSK).

Ms. Koitaba's exceptional academic achievements, combined with her practical expertise, position her as a dynamic force within the organization. Her strategic acumen, leadership prowess, and marketing proficiency uniquely qualify her to steer impactful change and drive outstanding performance in her capacity as Director of Beneficiary & Provider Management.





**Cs. Terry Rotich**  
**Ag. Corporation Secretary**

Terry is a senior legal professional with over 13 years of experience in public and private sectors, specializing in rights-based program development and management. She currently serves as Ag. Corporation Secretary for the Social Health Authority (SHA).

At SHA, Terry supports Board governance by preparing papers and minutes, maintaining the conflicts register, and serving as custodian of the organizational seal. She provides legal advice, oversees court representation, drafts contracts and MOUs, and implements Mwongozo, the Authority's

Code of Conduct.

Previously, she served as Principal State Counsel at the Ministry of Health, managing legal matters and advising on negotiations and contracts. She also worked as Senior State Counsel at the Attorney General's Office, advising ministries on contracts and international agreements, and as Senior Associate at Kairu & McCourt Advocates. Terry holds an LLB from Moi University, a Postgraduate Diploma in Law from Kenya School of Law and is pursuing an LLM in Corporate Governance. She is a member of LSK, FIDA-K, and ICS.

**CPA. Jonathan Leisen**  
**Director, Funds & Finance Management**

CPA Jonathan is a highly accomplished financial professional with over 15 years of experience in finance and accounting, bringing a proven track record of success across various leadership roles. His robust educational foundation includes two Master's degrees, one in Business Administration (Finance Option) and another in Public Policy and Management complemented by a Bachelor's degree in Business Management.

Throughout his career, Jonathan has demonstrated exceptional leadership and strategic thinking across multiple institutions, consistently contributing to organizational success even in dynamic and challenging environments. His hands-on experience in financial management, combined with his strong analytical capabilities, enables him to drive meaningful results and sustainable growth.

As a distinguished member of professional organizations, including the Institute of Certified Public Accountants of Kenya (ICPAK), Jonathan maintains the highest standards of professional excellence and ethical practice. His unique blend of academic credentials, extensive practical experience, and professional affiliations positions him as a competent and dedicated financial leader capable of steering organizations toward success and long-term growth.



**Dr. Tracy John  
Ag. Director, Benefits & Claims Management**



Dr. Tracey John is an expert in healthcare management with 20 years of experience in health service delivery, health systems management at all facility

levels and the Ministry of Health. She is the current Benefits and Claims Management Director at the Social Health Authority (SHA).

Dr. John specializes in public health policy, healthcare institution management, health systems strengthening and health financing.

Her educational background includes a Bachelors and Masters Degrees in Medicine and Surgery, Masters Degree in Business Administration and International Healthcare Management. She is also trained in healthcare Financing on mechanisms to enhance revenue generation, resource pooling, and effective utilization for sustainable health outcomes.

Further, Dr. Tracey is trained in health system management and Leadership. Dr. John is also trained in climate change and sustainability, promoting resilient health systems through comprehensive societal and governmental approaches. Her diverse expertise equips her to manage the healthcare sector holistically.

**Mr. Ibrahim Mohamed Alio  
Director, Corporate Services**



Mr. Alio is a seasoned professional with a broad spectrum of expertise encompassing the public and private sectors, particularly in energy, logistics, procurement, human capital management, finance, sales, and marketing.

Prior to his current role, Mr. Alio served as the Managing Director of Trojan International Limited, where he oversaw operations across the East Africa region, including countries such as Rwanda, Burundi, DR Congo, and South Sudan. Additionally, he has held notable positions with Isiolo County, Save the Children UK, and Care International Kenya, along with various other public and private sector organizations.

Mr. Alio holds an impressive array of qualifications, including a Master of Science in Supply Logistics and Procurement Management, a Bachelor of Agribusiness Management, a Diploma in Logistics and Supply Management, and a Certificate in Security Management. Moreover, his membership with the Kenya Institute of Supplies Management (KISM) and completion of the Strategic Leadership Development Programme (SLDP) underscore his commitment to continuous professional development.

His rich background and experience make him a versatile and an all-rounded leader.

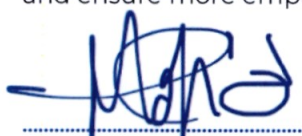
## **5. CHAIRMAN'S STATEMENT**

The Social Health Authority (SHA) adopted the established Car loan and Mortgage scheme succeeding National Health Insurance Fund Car loan and Mortgage Scheme. The Scheme was established through board approves in 2017 and 2001 respectively. The Scheme was established to offer financial assistance for vehicle acquisition and address housing challenges, particularly for staff stationed in urban areas.

The Mortgage Scheme over the years, has evolved to align with changing regulatory frameworks and internal policies, ensuring it remains a viable and beneficial option for SHA staff. Similarly, the Car Loan Scheme was formalized through a Memorandum of Understanding signed in 2017 with the National Bank of Kenya (NBK). It reflects SHA's commitment to staff welfare, providing access to affordable car loans with competitive interest rates and flexible repayment terms.

The foundation for the car loan scheme was laid earlier during an NHIF Executive Board meeting held on 21st May 2003, when Management's proposal for its establishment was considered and approved in principle, as recorded in Minute Number E/129/2003. This marked a significant step toward enhancing staff welfare through accessible financing options.

The board Committee's objective is to oversee the implementation and administration of the Scheme Fund. In doing so, the Committee coordinates and engages with the Scheme Fund administrator in the management of the Scheme Fund on behalf of SHA. For the year ending 30 June 2025, Kenya Commercial Bank was the appointed Mortgage Scheme and National Bank of Kenya was appointed the Car Loan Scheme administrator. SHA, in consultation with the KCB and NBK, developed internal rules and a Memorandum of Understanding, which are binding on matters relating to the Schemes. The rules, regulations and guidelines on accessibility of the loans under the Scheme, as well as requirements to be met by applicants, are clearly stipulated. The key objective of the Scheme is to support employees acquire defined mortgage facilities and car loan as a way of motivation and retention of staff at SHA. The Scheme has since supported over 1,000 members of staff and disbursed over (Kenya Shillings) Ksh. 1 Billion since it's inception. The KCB and NBK continues to carry out due diligence for all loan applications to minimise risks in acquiring property. The Board shall endeavour to support staff through the continuous engagement with the KCB/NBK and ensure more employees benefit from the Scheme.



**DR. MOHAMED ABDI MOHAMED**  
CHAIRPERSON – BOARD OF DIRECTORS



## **6. REPORT OF THE CHIEF EXECUTIVE OFFICER**



The Car Loan and Staff Mortgage Scheme was established through board approves in 2017 and 2001 respectively. During the reporting period, the Scheme maintained an interest rate of 5.5% on both the Car loan and Mortgage as cost of borrowing. The benefit has played a role in motivation and retention of staff at the Authority. It has also enhanced loyalty and high commitment to the Authority.

As at the close of the year the Scheme disbursed Kshs.76.6 million and had earned Ksh 57.0 million in interest both from utilized and unutilized accounts whereas in financial year 2023/24 the Scheme had disbursed Kshs.105.3 million and earned Kshs. 25.8million. The low uptake of disbursements to new applicants in the year was due to transition from NHIF to SHA.

The Scheme closed with a cash and cash equivalent balance of Ksh 448.0 million. The Scheme's funds were utilised in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, the PFM Regulations, 2015, and all other applicable legislation, for the purpose for which it was intended. The Scheme 's principal activity is to offer low interest loan facilities to members of SHA for the purchase of residential property, purchase of land, house construction, purchase of land and construction and/or improvement and purchase of motor vehicles for personal use. The Banks have continued to carry out due diligence for the loan application to minimize risks in acquiring property.

We shall endeavour to support staff through continuous engagements with both the staff and the bank to ensure that more employees benefit from the scheme in the foreseeable future.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line.

**DR. MERCY MWANGANGI**  
**CHIEF EXECUTIVE OFFICER – FUND ADMINISTRATOR**

## **7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25**

### **The Statement of Performance and Pre-determined Objectives**

The foundation for the car loan scheme was laid earlier during an NHIF Executive Board meeting held on 21st May 2003, when Management's proposal for its establishment was considered and approved in principle, as recorded in Minute Number E/129/2003. This marked a significant step toward enhancing staff welfare through accessible financing options.

For the year ending 30 June 2025, Kenya Commercial Bank was the appointed Mortgage Scheme and National Bank of Kenya was appointed the Car Loan Scheme administrator. SHA, in consultation with the KCB and NBK, developed internal rules and a Memorandum of Understanding, which are binding on matters relating to the Schemes. The rules, regulations and guidelines on accessibility of the loans under the Scheme, as well as requirements to be met by applicants, are clearly stipulated. The key objective of the Scheme is to support employees acquire defined mortgage facilities and car loan as a way of motivation and retention of staff at SHA. The Scheme has since supported over 1,000 members of staff and disbursed over (Kenya Shillings) Ksh. 1 Billion since it's inception. The KCB and NBK continues to carry out due diligence for all loan applications to minimise risks in acquiring property. The Board shall endeavour to support staff through the continuous engagement with the KCB/NBK and ensure more employees benefit from the Scheme

### **Explanations of Performance in key indicators:**

During the reporting period, the Scheme maintained an interest rate of 5.5% on both the Car loan and Mortgage as cost of borrowing. The benefit has played a role in motivation and retention of staff at the Authority. It has also enhanced loyalty and high commitment to the Authority.

As at the close of the year the Scheme disbursed Kshs.76.6 million and had earned Ksh 57.0 million in interest both from utilized and unutilized accounts whereas in financial year 2023/24 the Scheme had disbursed Kshs.105.3 million and earned Kshs. 25.8million. The low uptake of disbursements to new applicants in the year was due to transition from NHIF to SHA.

The Scheme closed with a cash and cash equivalent balance of Ksh 448.0 million. The Scheme's funds were utilised in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, the PFM Regulations, 2015, and all other applicable legislation, for the purpose for which it was intended. The Scheme 's principal activity is to offer low interest loan facilities to members of SHA for the purchase of residential property, purchase of land, house construction, purchase of land and construction and/or improvement and purchase of motor vehicles for personal use. The Banks have continued to carry out due diligence for the loan application to minimize risks in acquiring property.

## Conclusion

During the period from 1st July 2024 to 30th June 2025, the Scheme undertook significant institutional reforms and successfully implemented core activities in alignment with the approved work plan and budget. Despite initial challenges stemming from the economic environment, misinformation, and the transition from NHIF under the Social Health Insurance Act, 2023, Scheme continued to build momentum toward full operationalization of its mandate.

Throughout the year, the Scheme's performance was closely monitored through monthly implementation reports, feedback loops, and structured performance review forums. These efforts have ensured accountability, improved coordination, and laid a strong foundation for efficient, transparent, and equitable health service delivery under the Scheme framework.



## **8. CORPORATE GOVERNANCE STATEMENT**

### **Corporate Governance Framework**

The Social Health Authority (SHA) Car loan and Mortgage Scheme has established strict corporate governance standards to ensure its long-term success. The Board of Directors oversees the implementation and administration of the Scheme, as well as coordinates and engages with the KCB and NBK Bank in the management of the Scheme on behalf of SHA. The Board, is composed of diverse, capable, and qualified members who can make impartial and independent decisions. This structure is designed to promote corporate governance best practices, integrity, and accountability in all operations. The Scheme's governance framework is guided by the Mwongozo (The Code of Governance for State Corporations), the Social Health Insurance (SHI) Act of 2023, as well as other Government of Kenya guidelines.

### **Board Functions:**

The functions of the Authority have been provided under the Social Health Insurance Act as follows:-

1. Register the beneficiaries in accordance with this Act;
2. Manage the Funds established under this Act
3. Receive all contributions and other payments required to be made to the Funds
4. Empanel and contract healthcare providers and healthcare facilities upon inspection, licensing and certification of the healthcare providers and healthcare facilities by the relevant body
5. Consider and make payments to contracted healthcare providers and healthcare facilities out of the Funds
6. Develop guidelines for the operations and implementation of the Funds established under the Social Health Insurance Act
7. Establish sectoral linkages for effective management and growth of the Funds.
8. Monitor and evaluate programs and activities under the Funds.
9. Receive and address complaints that may arise from the implementation of this Act
10. Advise the Cabinet Secretary on matters of social health insurance including the formulation of policies
11. Implement all government policies on social health insurance and related functions
12. Register the beneficiaries in accordance with this Act;
13. Manage the Funds established under this Act
14. Receive all contributions and other payments required to be made to the Funds
15. Empanel and contract healthcare providers and healthcare facilities upon inspection,

licensing and certification of the healthcare providers and healthcare facilities by the relevant body

16. Consider and make payments to contracted healthcare providers and healthcare facilities out of the Funds
17. Develop guidelines for the operations and implementation of the Funds established under the Social Health Insurance Act
18. Establish sectoral linkages for effective management and growth of the Funds.
19. Monitor and evaluate programs and activities under the Funds.
20. Receive and address complaints that may arise from the implementation of this Act
21. Advise the Cabinet Secretary on matters of social health insurance including the formulation of policies
22. Implement all government policies on social health insurance and related functions

Therefore, the functions of the Board that enable the Authority to fulfill the functions listed in the Act are as follows;

#### **Collective and Strategic Functions**

- *Strategic Direction and Control:* The Board provides strategic direction, exercises control and is accountable to shareholders. They determine the organization's mission, vision, purpose, and core values.
- *Policy and Structure:* They set and oversee the overall strategy and approve significant policies and the organizational structure.
- *Financial Oversight:* The Board approves the annual budget, reviews and approves major resource allocations and monitors the organization's financial performance.
- *Sustainability:* The Board ensures the organization's strategy is aligned with long-term sustainability goals and integrates sustainability into its strategy and management practices.
- *Resource Management:* They ensure the availability of adequate resources to achieve the organization's objectives.

#### **Executive and Managerial Functions:**

The authority to appoint members of the Advisory Committee is vested on the CEO. The functions and duties of the Advisory Committee are as follows:

- a. Liaise with the service provider to set up a revolving fund for the disbursement of the loans.

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

---

- b. Supervise the day-to-day running of the Scheme.
- c. Forward the successful applications with recommendations to the service provider for approval.
- d. Process applications for loans in accordance with the existing terms and conditions of borrowing.
- e. Any other Scheme-related administration activities.

The Head of Human Resources and Administration is the Secretary to the Advisory Committee. The roles include:

- a. Convene meetings of the Advisory Committee and keep minutes of the committee meetings.
- b. Receive and review loan applications.
- c. Submit all loan applications with appropriate recommendations to the Advisory Committee for consideration, and thereafter, submit approved applications to the service provider for funding.
- d. Keep database of applicants.
- e. Effect loan deductions into payroll and ensure all loan deductions are effected within the a third rule regulation.

The membership of the Advisory Committee nominates, from among themselves, a liaison officer whose roles include:

- a. Supervise the administration of the Scheme.
- b. Cause to be kept books of account in relation to the Scheme of all the loans financed from the Scheme.
- c. Furnish such information regarding the administration of the Scheme, as may be required for examination and audit by the Auditor General or under any law.
- d. Designate or appoint such staff, as may be necessary to assist the administration of the Scheme, and may require such staff to carry out such inspections as may be necessary to verify any information submitted under the regulations.

### **Individual Duties of Board Members**

As per the provisions of Mwongozo, each individual Board member is required to:

- Exercise the highest degree of care, skill, and diligence in their duties.
- Act in the best interest of the organization, not for any other purpose.
- Act honestly and avoid situations where personal interests conflict with those of the organization.
- Exercise independent judgment at all times.
- Understand and accept the principle of collective responsibility.
- Promote and protect the image of the organization.
- Owe their duty to the organization, not to the nominating or appointing authority.
- Hold in confidence all information available to them by virtue of their position.

The Chairperson of the Board has specific functions, such as providing overall leadership, setting the agenda for meetings, leading the annual Board evaluation, and maintaining a close but independent working relationship with the CEO.

### **Board Composition and Appointment**

The composition and appointment of the Board are in accordance with the Social Health Insurance Act 2023. The Board has the freedom and authority to carry out its responsibilities and is accountable to shareholders and stakeholders. Section 7 (1) provides that the Board shall consist of:-

- a. A non-executive Chairperson, who shall be appointed by the President
- b. The Principal Secretary in the ministry for the time being responsible for matters relating to health or a designated representative
- c. The Principal Secretary in the ministry for the time being responsible for matters relating to finance or a designated representative
- d. The Director-General for Health
- e. A representative of the County Executive Committee Health Caucus
- f. One person, not being a Governor, nominated by the Council of County Governors with knowledge in field of finance, accounting, health economics, law or business and management
- g. One person, not being a public officer with proven experience in matters of health insurance, health financing, financial management, health economics, healthcare administration
- h. Our persons, not being public officers, nominated by
- i. The Chief Executive Officer of the Authority, who shall be an ex-officio member of the Board

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

The members of the Board nominated as a Board member under (f), (g) and (h) above shall be appointed by the Cabinet Secretary by Notice in the Gazette.

**Board Committees**

To better assist the Board in discharging its duties, four specialized committees have been established, each with a balanced mix of Board members. Each committee has a charter and terms of reference outlining its delegated powers, membership, and detailed duties. Annual performance reviews are conducted for each committee. The committees are:

**1. Audit and Risk Committee**

No.	Name of Member	Organization	Position
1.	Ms Jacinta Mutegi	Consortium of Healthcare Providers	Chairperson
2.	Dr Andrew Mulwa	Alternate - PS Medical Services	Member
3.	Dr Ibrahim Matende	CS, Ministry of Health Appointee	Member
4.	Dr. Angela Ndunge	CS, Ministry of Health Appointee	Member
5.	CPA. Pariken Ole Sankei	Director, Internal Audit	Secretary

**2. Human Resource & Governance Committee**

No.	Name of Member	Organisation	Position
1.	Dr Patrick Amoth, EBS	Director General for Health, Ministry of Health	Chairperson
2.	Dr Francis Atwoli	Central Organization of Trade Unions	Member
3.	Mr Gerald Macharia	Council of Governors	Member
4.	Dr Andrew Mulwa	Alternate - PS Medical Services	Member
5.	Ms. Roselyn Mungai	CECM Health Caucus	Secretary
6.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
7.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

**3. Strategy and Operations Committee**

No.	Name of Member	Organisation	Position
1.	Dr Ibrahim Matende	CS, Ministry of Health Appointee	Chairperson
2.	Ms Jacinta Mutegi	Consortium of Healthcare Providers	Member
3.	Mr Samuel Kiptorus	Alternate - PS National Treasury	Member
4.	Dr Angela Ndunge	CS, Ministry of Health Appointee	Member
5.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
6.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

**4. Finance Committee**

No.	Name of Member	Organization	Position
1.	Mr Gerald Macharia	Council of Governors	Chairperson
2.	Mr Samuel Kiptorus	Alternate - PS National Treasury	Member
3.	Dr Patrick Amoth, EBS	Director General for Health, Ministry of Health	Member

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025***

No.	Name of Member	Organization	Position
4.	Dr Francis Atwoli	Central Organization of Trade Unions	Member
5.	Ms. Roselyn Mungai	CECM Health Caucus	Secretary
6.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
7.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

### **Internal Auditors**

The Scheme's internal auditors report directly to the Audit and Risk Committee.

### **Performance and Remuneration**

#### **Performance Evaluation**

The Board conducts a yearly self-evaluation to assess its effectiveness using a Board Evaluation Tool provided by the State Corporations Advisory Committee (SCAC). This process helps identify collective strengths, skill gaps, and individual areas for improvement. The evaluation also reviews the performance of the committees, the Chairperson, the CEO, the Corporation Secretary & Internal Auditor.

#### **Remuneration**

Remuneration for Board members aligns with applicable legislative provisions and guidance from the relevant authorities. Board members receive sitting allowances only for attending board or committee meetings, as confirmed by an attendance register. No Board member, other than the CEO, has a service agreement or is paid by the Authority.

#### **Conflict of Interest**

At the start of every Board or Committee meeting, members must disclose any potential, real, or perceived conflicts of interest for documentation. A member with a conflict of interest is not allowed to participate in related discussions or decision-making. All declared interests are recorded in a "Declaration of Interest" register maintained by the Corporation Secretary for transparency and accountability.

### **Succession Plan and Financial Reporting**

#### **Succession Plan**

The Social Health Insurance Act 2023 provides for the succession plan from the National Health Insurance Fund to the Social Health Authority. On the day the Act became effective, all funds, assets, liabilities, and legal proceedings of the National Health Insurance Fund were vested in the Authority. The Board of the Social Health Authority is required to competitively recruit and appoint its staff under the Act.

The Board is responsible for implementing a succession plan for both its members and the senior management, which should be reviewed regularly. Board member tenures are staggered to ensure a phased transition and continuity. The renewal of a Board member's term for a second period is contingent on a favourable evaluation. The Chairperson is responsible for ensuring that a formal succession plan is in place for Board members.

### **Financial Reporting**

The Board of Management is responsible for presenting a true and fair view of the Scheme's financial affairs. The financial statements are prepared in accordance with the Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) and relevant Acts, including the PFM Act and the SHI Act.

### **Board Member Training and Development**

Board members undergo an orientation program to familiarize them with their roles as directors, the fundamentals of corporate governance, and Board procedures. This program introduces them to the organization's strategic goals, financial position, and risk management initiatives.

An annual Work plan/ Almanac is created to address identified skill gaps. Board members receive access to ongoing development initiatives to keep them informed about the latest trends in industry best practices, corporate governance, and critical issues related to the functioning of public sector boards. The Board ensures that all members receive continuous training in Board processes. Board members should also satisfy themselves that they are up to date with continuous professional development in their respective professional bodies.

The Board evaluates its performance annually, identifying strengths and collective skill gaps, as well as individual areas for improvement. The performance of each committee is also reviewed against their terms of reference.



## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

### **a) Operational and Financial Performance**

#### **1. Strategic direction**

The Scheme is now over 20 years of operation under the defunct NHIF and It's first year under SHA. The main objective of the Scheme is to provide financial support for the acquisition of mortgage facilities and car loan at a subsidized interest rate relating to;

- a. Home development loans.
- b. Acquisition or purchase of residential homes.
- c. Purchase of land for home construction.
- d. Purchase of motor vehicles.

At the close of the financial year, the Scheme earned Ksh 57 million in interest earned from unutilized funds and utilized funds account.

Since the inception of the Scheme, over 1000 staff members had benefited from the Scheme, with 1.4 billion having been disbursed to successful applicants.

Recoveries from the outstanding loans during the financial year were made as reported by the banks. The Scheme closed with a cash and cash equivalent balance of Ksh 448 million, thus, the actual cash available for lending. The total number of staff with outstanding loans is around 300 for mortgage and 27 for Car Loan amounting to Kshs.965.9 million and Kshs.10 million respectively at the end of the period.

#### **2. Financial performance analysis**

The Scheme's did not have an approved budget for the financial year. The Scheme faced challenges due to the staff transition uncertainties from NHIF to SHA. The number and amount of new loans disbursed during the periods are 8 mortgage facilities amounting to 72.9 million and 1 motor vehicle amounting to 3.4million

### **b) Scheme Fund's Key Projects or Investment Decisions Implemented or Ongoing**

The Scheme's unspent funds were invested as fixed deposit. As at the close of the year, the prevailing interest earned was 57 million.

### **c) Compliance with Statutory Requirements**

The Scheme Fund administrators are required to comply with various laws and constitutional provisions, which include the PFM Act, 2012, PFM Regulations, 2015, SHI Act, 2011, among others. The Scheme Fund is compliant with the statutory requirements.

#### **d) Major Risks Facing the Scheme**

##### **1. Liquidity risk**

Liquidity risk is the risk that the Scheme will not be able to meet financial obligations when they fall due. This risk is managed by ensuring that the Scheme is liquid enough to meet its obligations whenever they fall due. This has since been managed over the previous years by ensuring sufficient budget allocations are appropriated to the Scheme and the recoveries are credited to the account on a monthly basis.

##### **2. Credit risk**

Credit risk is the possibility of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. The Scheme's exposure to credit risk is low because properties acquired are charged to the bank, and thus, held as security.

The administrator also mitigates the risk by strictly scrutinizing the prevailing financial state of the borrower before processing an application. The loan deductions are also affected through check-off for the staff in post.

##### **3. Market and inflationary risks**

Market risk is a risk inherent to the Scheme Fund. The properties in the market are affected by the prevailing economic conditions in the country. The increase in the Central Bank of Kenya (CBK) rate from 12.5 to 13 per cent is likely to subject the properties to inflation risk, making them inaccessible to potential applicants. Inflationary risk will also erode the purchasing power of the revolving fund.

To mitigate these risks, strategies on how to grow the fund and raising additional funds, are being explored. This includes investing funds in avenues of higher returns and looking out for service providers that may offer credible services at lower administrative costs. The loan limit imposed on individuals so as to enable them purchase their preferred properties will also be reviewed in the event of significant rise in cost of properties.

##### **4. Sustainability risk**

The Scheme Fund's main source of income is transfers from SRC. Although the Scheme Fund charges interest on successful applicants, the full amount is taken up by Co-operative Bank as administration cost. The Scheme Fund is, therefore, faced with sustainability risk in that it will not be able to earn any extra funds in the event that the current unutilised funds are taken up, and thus, cannot be invested.

The Scheme Fund Advisory Committee is exploring ways in which the fund can earn extra income to enable sustainability and maintenance of value amidst long-term inflation effects.

**e) Material Arrears in Statutory**

The Scheme Fund does not have any material arrears in statutory of financial obligations.

**f) The Scheme Fund's Financial Probity and Governance Issues**

The Scheme Fund operates through an Advisory Committee, whose main role is to oversee its operations and implementation by both the Administrator and SRC. The Committee's membership is drawn from two directorates and three departments of SRC for inclusivity purposes.

The fund has complied with statutory requirements by adhering to the procedures and repaying the loans due on time in every month.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Social Health Authority's Scheme demonstrates unwavering commitment to sustainable development through comprehensive integration of environmental, social, and economic considerations across all operations. Our holistic approach encompasses climate resilient health systems development, inclusive employment practices, ethical stakeholder engagement, robust data protection, and meaningful community partnerships.

Through strategic initiatives ranging from our Climate Change Policy framework to impactful environmental restoration projects like the 53,100-tree planting initiative in Kipkabus Forest, SHA advances both healthcare accessibility and environmental stewardship. This report outlines our systematic efforts to build a sustainable, equitable, and transparent health system that serves all Kenyans while contributing to national climate goals and community development.

This introduction effectively captures the essence of Scheme's comprehensive sustainability approach while highlighting key achievements and setting the stage for the detailed report that follows.

### **i. Sustainability Framework and Climate Action**

The Scheme integrates environmental, social, and economic considerations into its operations through a comprehensive Climate Change Policy aligned with the Government of Kenya's climate commitments. This framework guides the development of climate resilient health systems while promoting greenhouse gas reduction, sustainable energy adoption, waste management, and environmentally responsible procurement practices.

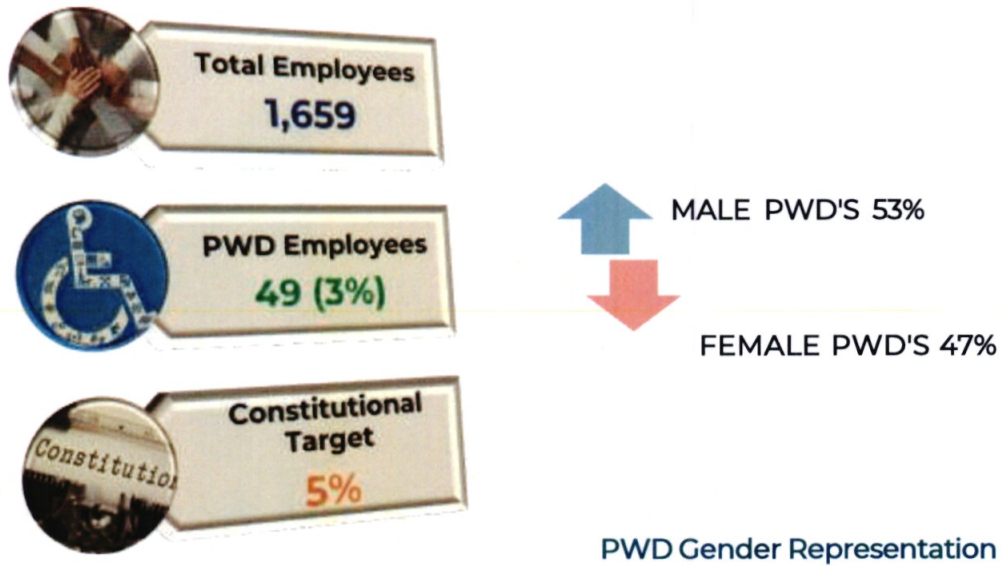
### **ii. Environmental Performance**

Our forward-looking strategy encompasses innovation and digitalization, strengthened risk management, enhanced governance structures, legal framework operationalization, and mainstreaming of climate initiatives including tree planting, efficient resource use, and waste recycling.

The Authority maintains a robust Occupational Health and Safety (OH&S) management system that ensures safe workspaces through hazard elimination, continuous monitoring, worker participation, and adequate resource allocation for comprehensive safety protocols.

### **iii. Human Resource Excellence and Welfare**

**Inclusive Employment Practices.** As an equal opportunity employer, SHA adheres to constitutional requirements promoting gender balance and inclusion of persons with disabilities (PWDs) and youth. Currently, 49 employees with disabilities (23 female, 26 male) represent 3% of our workforce, demonstrating measurable progress toward the constitutional mandate of 5% PWD representation in public service.



Our structured appointment process ensures Board oversight for senior positions (Grades 2-4) while delegating operational appointments (Grades 5-12) to the CEO, with the Human Resource Management Advisory Committee providing strategic guidance on recruitment and panel constitution.

Performance Excellence and Career Development the Performance Management System (PMS) links individual achievements to institutional strategic objectives through comprehensive appraisal processes. Performance ratings span from Outstanding (90%-100%) to Poor (below 40%), with recognition through annual bonuses, distinguished service awards, and career advancement opportunities. Unsatisfactory performance triggers structured Performance Improvement Plans lasting up to six months.

Our training and development programs enhance institutional performance while building employee competencies for emerging challenges. Career guidelines, succession planning, and skills upgrading initiatives ensure seamless leadership transitions and professional growth opportunities. Health and Safety Excellence Full compliance with the Occupational Safety and Health Act 2007 includes maintaining DOSH workplace certificates, implementing comprehensive emergency preparedness plans, conducting regular safety drills, and providing Group Personal Accident Insurance coverage. Our systematic approach to injury prevention includes immediate reporting protocols, proper documentation through DOSH forms, and compensation processing under the Work Injury Benefits Act 2007.

**iv. Ethical Market Practices and Stakeholder Engagement**

**a) Responsible Competition Practice:**

Transparent Service Delivery SHA's upholds responsible competition practices through

principles of transparency, fairness, and public interest. Our comprehensive Service Charter outlines clear mandates, service standards, member rights and obligations, and established delivery timelines, serving as a binding commitment to stakeholder accountability.

Brand protection mechanisms safeguard corporate identity integrity through consistent visual identity application, proactive monitoring against misrepresentation, and enforcement measures preventing fraudulent use of SHA's name and logo.

#### **b) Responsible Engagement with the Citizens:**

**Comprehensive Public Outreach** Our multi-channel communication strategy ensures inclusive citizen engagement through nationwide on-ground activations in counties including Garissa, Samburu, Nandi, Elgeyo Marakwet, Lamu, Taita Taveta, Kajiado, and Mombasa. These initiatives feature registration drives, health education material distribution, and community-centered service delivery.

**Media engagement** leverages vernacular radio platforms, national media campaigns, regular press conferences, and targeted roundtables to ensure accurate information dissemination. Social media infographics across Facebook, X, Instagram, and LinkedIn platforms make complex information accessible and understandable.

**Responsive Support Systems** Our 24/7 support infrastructure includes toll-free helplines (0800720601 & 147) and dedicated email platforms ([customerservice@sha.go.ke](mailto:customerservice@sha.go.ke), [info@sha.go.ke](mailto:info@sha.go.ke), [complaints@sha.go.ke](mailto:complaints@sha.go.ke), [fraud@sha.go.ke](mailto:fraud@sha.go.ke)) ensuring comprehensive stakeholder support and feedback mechanisms.

#### **c) Product stewardship or Awareness creation Data Protection and Consumer Rights**

**Privacy and Security Excellence.** SHA implements comprehensive data protection measures including secure handling of confidential medical information, robust biometric data security, and consumer-centric portal design with secure member authentication. Our whistleblower protection framework operates under the Witness Protection (Amendment) Act 2011, ensuring employee safety in reporting misconduct.

**Consumer Protection Framework.** We safeguard consumer rights through transparent information provision on benefits, eligibility, premiums, and claim procedures across multiple formats. Fair treatment policies enforce non-discrimination regardless of income, location, gender, disability, or medical condition. Regular audits of empaneled healthcare facilities ensure contracted providers deliver services per agreement terms.

#### **v. Corporate Social Responsibility and Environmental Impact**

**Climate Action Leadership.** In alignment with Kenya's National Tree Growing and Restoration Campaign targeting 15 billion trees by 2032, SHA partnered with Elgeyo Marakwet County Government, Ministry of Health, and local communities in November 2024

for a transformative tree- planting initiative in Kipkabus Forest.

**Project Impact and Results.** Our environmental restoration effort planted 53,100 seedlings (43,100 exotic and 10,000 indigenous) across 54 hectares of priority catchment and degraded areas in Emsoo Location, Keiyo North Constituency. The community-based shamba system enables local food production while ensuring long-term forest stewardship.

#### Measurable Community Benefits

- Enhanced livelihoods through income generation from food production and seedling sales
- Climate restoration leading to improved water tower functionality serving Asoo Dam, Turkana, Kisumu, and Nzioa regions.
- Biodiversity recovery with increased populations of colobus monkeys, bamboo, birds, and other wildlife

**Institutional Value Creation.** This initiative strengthens SHA's sustainability commitment, enhances brand reputation, promotes employee engagement through meaningful team-building activities, and demonstrates tangible contribution to national environmental restoration goals.

Through these comprehensive sustainability initiatives, SHA demonstrates unwavering commitment to environmental stewardship, social responsibility, and economic development while fulfilling our mandate to provide equitable healthcare services for all Kenyans.

## **11. REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors submit their report together with the financial statements for the year ended **June 30, 2025**, which show the state of the Scheme's affairs.

### **i. Principal activities**

The principal activity of the Scheme is to provide financial support for the acquisition of a mortgage facility and car loan at a subsidized interest rate relating to:

1. purchase of residential property,
2. House construction,
3. Purchase of land and construction and/or improvement and
4. purchase of motor vehicles for personal use.

### **ii. Results**

The results of the Scheme for the year ended **June 30, 2025**, are set out on pages 1–45.

### **iii. Board of Directors**

The members of the Board of Directors who served during the year are shown on **page X**.


### **iv. Auditors**

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

By Order of the Board,



.....  
**CS. TERRY ROTICH**  
**AG. CORPORATE SECRETARY SHA**



.....  
**DATE**

## **12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act, and Part VII on Financial Provisions of the Social Health Insurance Act 2023, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the state corporation at the end of the financial year and the operating results of SHA for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of SHA. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of SHA for and as at the end of the financial year ended on **June 30, 2025**. These responsibilities include:

- (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 Authority.
- (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 Authority.
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and SRC circular SRC/ADM/CIR/1/13 Vol.III (128) of 17 December 2014 on Car Loan and Mortgage Scheme for State officers and other public officers of Government of Kenya.

The Directors are of the opinion that the Scheme's 's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended **June 30, 2025**, and of the Scheme's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of Scheme's financial statements as well as the adequacy of the systems of internal financial control.

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

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025*

---

**Approval of the financial statements**

The Social Health Authority's Car loan and Mortgage financial statements were approved by the Board on **28<sup>th</sup> August 2025** and signed on its behalf by:



**DR. MOHAMED ABDI MOHAMED**  
**CHAIRPERSON BOARD OF DIRECTORS**



**DR. MERCY MWANGANGI**  
**CHIEF EXECUTIVE OFFICER**



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: 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 SOCIAL HEALTH AUTHORITY CAR LOAN AND MORTGAGE SCHEME FOR THE YEAR ENDED 30 JUNE, 2025**

---

### **PREAMBLE**

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

- A. Report on 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 Social Health Authority Car Loan and Mortgage Scheme set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

---

*Report of the Auditor-General on Social Health Authority Car Loan and Mortgage Scheme for the year ended 30 June, 2025*

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 Social Health Authority Car Loan and Mortgage Scheme 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 Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Cash and Cash Equivalent**

The statement of financial position and as disclosed in Note 16 to the financial statements reflects cash and cash equivalents balance of Kshs.447,952,703. Further Note 16(a) reflects two commercial bank account balances of Kshs.398,685,987 and Kshs.49,266,716 respectively. However, cash books and bank reconciliations to support the two bank account balances were not provided for audit verification.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.447,952,703 could not be confirmed.

#### **2. Unsupported Expenses**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services of Kshs.27,288,813 relating to administration fees. However, the ledger/schedules and payment vouchers were not provided for audit verification.

In the circumstances, the accuracy and completeness of use of goods and services of Kshs.27,288,813 could not confirm.

#### **3. Unsupported Interest Income**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects interest income of Kshs.57,067,290. However, the Management of the Fund did not provide any analysis showing the breakdown between the principal loan repayments and the interest recoveries for each member for each of the twelve months.

In the circumstances, the accuracy and completeness of interest income of Kshs.57,067,290 could not be confirmed.

#### **4. Statement of Cash Flows**

##### **4.1 Variances in Comparative Column 2023/2024 financial Year Comparative Column Net Cash Flows from Investing Activities**

The statement of cash flows reflects 2023/2024 comparative column net cashflows from investments of Kshs.105,250,000 which differs with 2023/2024 audited financial year net cash flow from investing activities of Kshs.15,684,430 resulting to a variance of Kshs.89,565,570.

In the circumstances, the accuracy and completeness of 2023/2024 comparative column net cashflows from investments of Kshs.105,250,000 could not be confirmed.

##### **4.2 Unsupported Cashflows from Financing Activities**

The statement of cashflows reflects cashflows from financing activities amount of Kshs.24,961,963 which includes receipts into the mortgage revolving fund and car loan revolving fund of Kshs.(30517,704) and Kshs.5,555,741 respectively. However, the balances were not explained by way of disclosure notes to the financial statements and the supporting schedule, ledger and source documents were not provided for audit.

Further, withholding tax paid amounting to Kshs.3,005,905 is not reflected in the statement of cashflows.

In the circumstances, accuracy of cashflows from financing activities of Kshs.24,961,963 could not be confirmed.

##### **4.3 Variances in Cash and Cash equivalents**

The statement of cash flows reflects cash and cash equivalents as at 30 June, 2025 of Kshs.408,711,407 which differs with the cash and cash equivalents balance reflected in the statement of financial position of Kshs.447,952,703 resulting to a variance of Kshs.39,241,296.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.408,711,407 in the statement of cashflows could not be confirmed.

#### **5. Variances in Accumulated Surplus and Total**

The statement of changes in net assets reflects accumulated surplus and total as at 30 June 2024 of Kshs.450,986,727 and Kshs.1,397,079,095 respectively while the 2023/2024 audited financial statements reflects accumulated surplus and total of Kshs.420,628,207 and Kshs.1,366,720,576 respectively resulting to a variance of Kshs.30,358,520 and Kshs.30,358,519 respectively.

In the circumstances, the accuracy and completeness of accumulated surplus and total as at 30 June 2024 of Kshs.450,986,727 and Kshs.1,397,079,095 respectively could not be confirmed.

## **6. Statement of Comparison of Budget and Actual Amounts**

### **6.1 Incomplete Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects total actual revenue on a comparable basis of Kshs.57,067,290 and total actual expenditure of Kshs.30,297,245 resulting to a surplus of Kshs.26,770,045. However, the original and final budget amounts were not included in the statement of comparison of budget and actual amounts.

### **6.2. Variances between Statement of Comparison of Budget and Actual Amounts and Statement of Cash Flows**

The statement of comparison of budget and actual amounts reflects receipts of Kshs.57,067,290 and actual expenditure of Kshs.30,297,245. However, the statement of cash flows reflects receipts of Kshs.26,772,575 and actual expenditure of Kshs.2,530 resulting to variances of Kshs.30,294,715.

Further, the budget reconciliation was not done contrary the Section 18 of the Public Sector Accounting Standard Board template.

In the circumstances, the accuracy and completeness of statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Social Health Authority Car Loan and Mortgage Scheme 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**

#### **Recoverability of Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 17 to the financial statements, reflects receivables from exchange transactions amounting to Kshs.975,896,437, relating to outstanding car and mortgage loans advanced to staff. The SHA car loan and mortgage scheme was inherited from the defunct NHIF and continued to operate under the same terms and conditions. As at the time of the audit in December 2025, the transition of staff from the National Health Insurance Fund (NHIF) to the Social Health Authority (SHA) was still ongoing and the loans were being serviced.

From the review of the contract between the defunct NHIF and the financing bank, the assets procured under the scheme were co-owned between the staff and the financing

bank. However, no documented regulations or policies were availed for audit to guide the recovery of outstanding staff loans under the new institutional arrangements.

In the circumstances, without a clear and documented loan recovery framework and guidelines following the staff transition, the recoverability of receivables from exchange transactions amounting to Kshs.975,896,437 could not be confirmed.

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 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**

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

In the prior year's audit report, several issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources respectively. Review of the status during audit of the Fund in 2024/2025 revealed that several matters remained unresolved as detailed in the table below:

<b>No</b>	<b>Audit Issue</b>
1	Unsupported financial assets
2	Unsupported unutilized deposit
3	Inaccuracies in accumulated surplus
4	Lack of Car Loan and Mortgage policy and regulations
5	Failure to recover and remit fringe benefit tax.
6	Lack of approved budget

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xli which comprise of Key Fund Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on 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.

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. Lack of Car Loan and Mortgage Policy and Regulations

The statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions of Kshs.975,896,437. However, the Board of National Hospital Insurance Fund did not formulate any regulations or policy document to guide the implementation of the two schemes contrary to SRC Circular 023/12/2014 on Car loan and Mortgage Schemes for state officers and other public officer Ref. No SRC/ADM/CIR/II/13 VOLIII (128) dated 17 December 2014 which states that due to management efficiency, the Car loan and Mortgage Scheme benefits for other public officers shall be administered and managed by individual Government Institutions and Agencies such as Commissions, Independent Offices, State Corporations, County Governments, Statutory Bodies and Ministries independently for their employees. The independent government agencies should therefore, prepare appropriate Regulations to guide the implementation of the benefits for their employees.

Further, with the transition of NHIF to Social Health Authority without car loan and mortgage policy and regulation the procedure of repayment of borrowed money by staff transitioned out of Social Health Authority could not be confirmed.

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

#### 2. Lack of Approved Budget

Review of the operations of Staff Car Loan and Mortgage Fund Scheme revealed that they were not guided by an approved budget in the administration of the Fund contrary to Section 68(2) (h) of Public Finance Management Act, 2012 which states that an accounting officer shall prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan referred to in paragraph (g).

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Fund's, Institute'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**

**22 December, 2025**

**Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE  
2025**

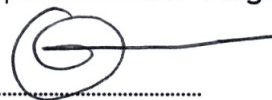
	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from Parent Ministry/ SC/SAGA	6	-	-
<b>Revenue from exchange transactions</b>			
Interest income	7	57,067,290	25,768,583
Other income	8	-	-
<b>Total revenue</b>		<b>57,067,290</b>	<b>25,768,583</b>
<b>Expenses</b>			
Employee costs	9	-	-
Use of goods and services	10	27,288,813	-
Depreciation and amortization expense	11	-	-
Finance costs	12	2,530	1,630
<b>Total expenses</b>		<b>27,291,343</b>	<b>(1,630)</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	13	-	-
Gain /Loss on fair value of investments	14	-	-
<b>Surplus before tax</b>		<b>26,775,947</b>	<b>25,766,953</b>
Taxation	15	3,005,902	-
<b>Surplus after Tax</b>		<b>26,770,045</b>	<b>25,766,953</b>

The notes set out on **pages 19 to 45** form an integral part of these Financial Statements.

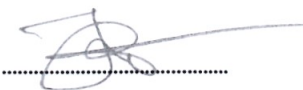
The financial statements were approved on **28<sup>th</sup> August 2025** by:



Dr. Mohamed Abdi Mohamed  
Chairperson



Dr. Mercy Mwangangi  
Chief Executive Officer



CPA Jonathan Leisen  
Director Financial Services  
ICPAK M/NO: 7465

**Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30th June 2025**

**15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025**

	Note	2024/2025 Kshs.	2023/2024 Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	447,952,703	356,979,398
Receivables from exchange transactions	17	-	-
Receivables from non-exchange transactions	18	-	-
Prepayments	19	-	-
Inventory	20	-	-
Investments in Financial Assets	21	-	-
<b>Total Current Assets</b>		<b>447,952,703</b>	<b>356,979,398</b>
<b>Non-current assets</b>			
Receivables from exchange transactions	17	975,896,437	1,040,099,697
Property, plant, and equipment	22	-	-
Intangible assets	23	-	-
Investment Property	24	-	-
<b>Total Non-Current Assets</b>		<b>975,896,437</b>	<b>1,040,099,697</b>
<b>Total assets (A)</b>		<b>1,423,849,140</b>	<b>1,397,079,095</b>
<b>Liabilities</b>			
Trade and other payables	25	-	-
Refundable Deposits and Prepayments from Customers	26	-	-
Borrowings	27	-	-
<b>Total Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>			
Borrowings	27	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities (B)</b>		<b>(-)</b>	<b>(-)</b>
<b>Net Assets (A-B)</b>		<b>1,423,849,140</b>	<b>1,397,079,095</b>
<b>Represented By:</b>			
Car loan revolving fund		49,604,500	49,604,500
Mortgage revolving fund		896,487,869	896,487,869
Accumulated surplus/Deficit		477,756,772	450,986,726
<b>Net Assets</b>		<b>1,423,849,141</b>	<b>1,397,079,095</b>

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

The Fund financial statements were approved on **28<sup>th</sup> August 2025** and signed by:



**Dr. Mohamed Abdi Mohamed**  
Chairperson



**Dr. Mercy Mwangangi**  
Chief Executive Officer



**CRA Jonathan Leisen**  
Director Financial Services  
ICPAK M/NO: 7465

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025**

	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>As at 1<sup>st</sup> July 2023</b>	<b>896,487,869</b>	<b>49,604,500</b>	<b>425,219,774</b>	<b>1,371,312,143</b>
Surplus/(deficit) for the period	-	-	25,766,953	25,766,953
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	-	-
Transfers	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	<b>896,487,869</b>	<b>49,604,500</b>	<b>450,986,727</b>	<b>1,397,079,095</b>
<b>Balance as at 1<sup>st</sup> July 2024</b>	<b>896,487,869</b>	<b>49,604,500</b>	<b>450,986,727</b>	<b>1,397,079,095</b>
Surplus/(deficit) for the period	-	-	26,770,045	26,770,045
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	-	-
Transfers	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	<b>896,487,869</b>	<b>49,604,500</b>	<b>477,756,772</b>	<b>1,423,849,140</b>

**Social Health Authority Car loan/Mortgage fund**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025**

**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025**

	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from Parent Ministry/ SC/SAGA		-	-
Interest received		26,772,575	25,768,583
Other income		-	-
<b>Total receipts</b>		<b>26,772,575</b>	<b>25,768,583</b>
<b>Payments</b>			
Employee costs		-	-
Use of goods and services		-	-
Finance cost		(2,530)	(1,630)
<b>Total payments</b>		<b>(2,530)</b>	<b>(1,630)</b>
<b>Net cash flow from operating activities</b>	28	<b>26,770,045</b>	<b>25,766,953</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(76,640,000)	(105,250,000)
<b>Net cash flows used in investing activities</b>		<b>(76,640,000)</b>	<b>(105,250,000)</b>
<b>Cash flows from financing activities</b>			
Receipts into the mortgage revolving fund		(30,517,704)	2,599,739
Receipts into the car loan revolving fund		5,555,741	13,084,691
<b>Net cash flows used in financing activities</b>		<b>24,961,963</b>	<b>(15,684,430)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>51,732,008</b>	<b>10,082,522</b>
Cash and cash equivalents at 1 <sup>st</sup> July 2024	16	356,979,398	346,896,876
<b>Cash and cash equivalents at 30<sup>th</sup> June 2025</b>	16	<b>408,711,407</b>	<b>356,979,398</b>

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Budget carryovers from the previous year*	-	-	-	-	-	-
<b>Receipts</b>						
Transfers from other Parent Ministry/ SC/SAGA	-	-	-	-	-	0%
Interest income	-	-	-	57,067,290	(26,772,575)	0%
Other income	-	-	-	-	-	0%
<b>Total Revenue</b>	-	-	-	<b>57,067,290</b>	<b>(26,772,575)</b>	<b>0%</b>
<b>Expenses</b>						
Employee cost	-	-	-	-	-	0%
Use of goods and services	-	-	-	(27,288,813)	-	0%
Finance cost	-	-	-	(3,008,432)	2,530	0%
<b>Expenditure</b>	-	-	-	<b>(30,297,245)</b>	<b>2,530</b>	<b>0%</b>
<b>Surplus for the period</b>	-	-	-	<b>26,770,045</b>	<b>(26,770,045)</b>	
<b>Capital Expenditure</b>	-	-	-	-	-	<b>0%</b>

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	There was no budget	-
2	There was no budget	-
3	There was no budget	-
4	There was no budget	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	408,711,407

## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General information**

SHA is established by and derives its authority and accountability from Social Health Insurance Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to provide SHA employees with access to affordable housing solutions and to support employees by offering financial assistance to purchase vehicles.

### **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. International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements are presented in Kenya Shillings (Kes), which is also the functional and reporting currency of SHA, and all values are rounded off to the nearest Kenya shillings.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, IPSAS 24, Social Health Insurance Act 2023 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. The accounting policies adopted have been consistently applied to all the years presented.

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

3. Adoption of new and revised standards

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*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><b>Applicable 1<sup>st</sup> January 2025</b></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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
IPSAS 45: Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 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><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
IPSAS 46: Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

**Social Health Authority Car loan and Mortgage Scheme**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

Standard	Effective date and impact:
	<p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the authority's financial Statements.</i></p>

**iii. Early adoption of standards**

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

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **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 realised 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 Authority'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 on 11<sup>th</sup> November 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in the FY 2024/25

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Significant Accounting Policies (Continued)**

budget following the governing body's approval. 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 cash flows has been presented.

**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.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

#### **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. Subsequent to initial recognition investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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 Authority'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.

#### **1. 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

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

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

#### **Subsequent measurement**

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

#### **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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Significant Accounting Policies (Continued)

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

### Trade and other receivables

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

### Impairment

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

## 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.

### 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.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

#### **i. Nature and purpose of reserves**

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

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

#### **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 key management are regarded as related parties and comprise the Board of Directors and Fund managers.

#### **m. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and at various commercial banks 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Significant Accounting Policies (Continued)

#### 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 Department of xxx/ State Corporation. 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.

#### 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. *(see IPSAS 1.140.)*

#### b) Useful lives and residual values

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

- i) The condition of the asset is based on the assessment of experts employed by the Fund

***Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025***

---

- 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

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. a) Transfers from the Parent Ministry/SC/SAGA**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from Government entities	-	-
Payments by Government entity on behalf of the Fund	-	-
Unconditional Development grants	-	-
<b>Total</b>	-	-

**(b) Transfers from the Parent Ministry/SC/SAGA**

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount recognised in revolving fund.	2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs
Transfers from the Parent Ministry/SC/SAGA	-	-	-	-
<b>Total</b>	-	-	-	-

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 above.*

**7. Interest income**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest Income from Mortgage Loans	47,328,157	25,041,294
Interest Income from Car Loans	914,050	727,288
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	8,825,083	-
Other ( <i>Specify</i> )	-	-
<b>Total Interest Income</b>	<b>57,067,290</b>	<b>25,768,582</b>

**Social Health Authority Car loan and Mortgage Scheme**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

**8. Other income**

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

**9. Employee Costs**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and Wages	-	-
Staff Gratuity	-	-
Staff Training expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**10. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Loan processing costs	-	-
General office expenses	-	-
Professional services costs	-	-
Administration fees	27,288,813	-
Committee allowances	-	-
Printing and Stationery	-	-
Telephone a communication expense	-	-
Bank charges	-	-
Audit fees	-	-
Provision for Doubtful Debts	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	<b>27,288,813</b>	-

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

11. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

12. Finance costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest on Bank Overdrafts	-	-
Interest on Loans from Banks	2,530	1,630
<b>Total</b>	<b>2,530</b>	<b>1,630</b>

13. Gain/(loss) on disposal of assets

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, Plant, and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

14. Gain/ (loss) on Fair Value Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

15. Taxation

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Income tax charge	-	-
Tax Charged on Interest Income	3,005,902	-
<b>Income Tax expense</b>	<b>3,005,902</b>	-

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

**16. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
SHA Car Loan/ Mortgage Account	447,952,703	356,979,398
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>Total Cash and Cash equivalents</b>	<b>447,952,703</b>	<b>356,979,398</b>

**16 a) Detailed analysis of the cash and cash equivalents**

Financial Institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Mortgage and Car Loan Fund</b>			
Kenya Commercial Bank Account	1100162666	398,685,987	342,312,287
National Bank of Kenya	01021032515200	49,266,716	14,667,111
<b>Fixed Deposit Accounts</b>			
Commercial Bank		-	-
<b>Sub- Total</b>		-	-
<b>On- Call Deposits</b>			
Bank		-	-
<b>Sub- Total</b>		-	-
<b>Current Account</b>			
Commercial Bank		-	-
Bank B		-	-
<b>Sub- Total</b>		-	-
<b>Others</b>			
Cash On Hand		-	-
Mobile Money		-	-
<b>Sub- Total</b>		<b>447,952,703</b>	<b>356,979,398</b>
<b>Grand Total</b>		<b>447,952,703</b>	<b>356,979,398</b>

**17. Receivables from exchange transactions**

Description	2024/2025		2023/2024	
	Kshs.	%of total	Kshs.	%of total
<b>Current Receivables</b>				
Interest Receivable	-		25,768,583	
Current Loan Repayments Due	975,896,437		331,210,815	
Other Exchange Debtors	-		-	
Less: Impairment Allowance	(-)		(-)	
<b>Total Current Receivables</b>	-		<b>356,979,398</b>	
<b>Non-Current Receivables</b>				
Long Term Loan Repayments Due	975,896,437		1,040,099,697	
<b>Total Non- Current Receivables</b>	<b>975,896,437</b>		<b>1,040,099,697</b>	
<b>Total Receivables</b>	<b>975,896,437</b>		<b>1,397,079,095</b>	
<b>Ageing analysis (receivable from exchange transactions)</b>				
Less than 1 year	111,799,396	11%	356,979,398	26%

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Between 1-2 years	111,799,396	11%	693,202,821	50%
Between 2-3 years	111,799,396	11%	346,896,876	25%
Over 3 years	640,498,250	66%		
<b>Total (tie to totals above)</b>	<b>975,896,437</b>	<b>100%</b>	<b>1,397,079,095</b>	<b>100%</b>

**18. Receivables from non-Exchange transactions**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Transfers From Government Entities/SC	-		-	
Transfer From Xxx Fund	-		-	
<b>Total Receivables</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis (receivable from non-exchange transactions)</b>	<b>2024/2025</b>	<b>%of total</b>	<b>2023/2024</b>	<b>%of total</b>
Less than 1 year	-	0%	-	0%
Between 1-2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total (tie to totals above)</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>

**19. Prepayments**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others Specify	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**20. Inventory**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Consumables	-	-
Other (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Detailed Disclosure on Inventories**

	2024/2025	2023/2024
<b>Opening balance</b>	<b>-</b>	<b>-</b>
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

**21. Investments in financial assets**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**d. Movement of Equity Investments**

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

**e) Shareholding in other entities**

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	2024/2025	2023/2024
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025*

**22. Property, Plant, and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.	Kshs.
<b>Cost</b>								
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
<b>At 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>								
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
<b>At 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
<b>Net book values</b>								
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-

### 23. Intangible assets

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal	(-)	(-)
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>Net book value</b>	-	-

### 24. Investment Property

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

### 25. Trade and other payables

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Trade payables	-		-	
Other payables	-		-	
<b>Total trade and other payables</b>	-		-	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024/2025</b>	<b>% of total</b>	<b>2023/2024</b>	<b>% of total</b>
Under one year	-	0%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	-	<b>0%</b>	-	<b>0%</b>

**26. Refundable Deposits and Prepayments from Customers**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	-		-	
<b>Total deposits</b>	-		-	
Ageing analysis: (Refundable deposits)	2024/2025	% of the Total	2023/2024	% of the Total
<b>Under one year</b>	-	0%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	-	0%	-	0%

**27. Borrowings**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
<b>Borrowings</b>				
Kenya Shilling Loan From KCB	-		-	
Kenya Shilling Loan from Barclays Bank	-		-	
Kenya Shilling Loan from Consolidated Bank	-		-	
Loans from other government institutions	-		-	
Other loans (specify)	-		-	
<b>Total Balance at End Of The Year</b>	-		-	

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Short Term Borrowings (Current Portion)	-		-	
Long Term Borrowings	-		-	
<b>Total</b>	-		-	

**28. Net cash flows from operating activities**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
<b>Surplus/ (deficit) for the year before tax</b>	<b>26,770,045</b>		<b>25,768,583</b>	
<b>Adjusted for:</b>				
Depreciation	-		-	
Amortisation	-		-	
Gains/ losses on disposal of assets	(-)		(-)	
Interest income	(-)		(-)	
Finance cost	(-)		(1,630)	
<b>Working capital adjustments</b>				
Increase in inventory	(-)		(-)	
Increase in receivables	(-)		(-)	
Increase in payables	-		-	
<b>Net cash flow from operating activities</b>	<b>26,770,045</b>		<b>25,766,953</b>	

## **29. Financial risk management**

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

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

### **a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2024</b>			-	-
Receivables From Exchange Transactions-Car loans and mortgages	1,040,099,697	1,040,099,697	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	50,021,821	50,021,821	-	-
<b>Total</b>	<b>1,090,121,518</b>	<b>1,090,121,518</b>	-	-
<b>At 30 June 2025</b>				

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025*

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
Receivables From Exchange Transactions- Car loans and mortgages	975,896,437	975,896,437	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	447,952,703	447,952,703	-	-
<b>Total</b>	<b>1,423,849,140</b>	<b>1,423,849,140</b>	<b>-</b>	<b>-</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from xxx.

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

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

**c) Market risk**

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

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

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

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

**d) Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 267,700.45

(2024: Kshs. 257,669.53). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 1,338,502.25 (2024: – Kshs. 1,288,347.65)

**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 Fund capital structure comprises of the following funds:

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Revolving fund	946,092,369	946,092,369
Accumulated surplus ( <i>Reserves</i> )	477,756,772	345,736,727
<b>Total funds</b>	<b>1,423,849,141</b>	<b>1,291,829,096</b>
Less: cash and bank balances	(447,952,703)	(50,021,821)
<b>Net debt/ (excess cash and cash equivalents)</b>	<b>975,896,438</b>	<b>1,241,807,275</b>
<b>Gearing</b>	69%	8%

**30. 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) National government Fund
- b) Key management
- c) Board of Trustees/Committee; etc.

**b) Related party transactions**

**i. Transfers from related parties**

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

**ii. Key management remuneration**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**31. Events after the Reporting Period**

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

**32. Ultimate And Holding Entity**

The Entity is a Scheme under the sponsorship of Social Health Authority which is a state corporation

**33. Currency**

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

## 20. ANNEXES

### Annex I: Progress on Follow-Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																	
Query No. 1 Unsupported Financial Assets	<p>The statement of financial position reflects financial assets balance of Kshs.1,040,099,697 and as disclosed in Note 4 to the financial statements in respect of outstanding loan issued to National Health Insurance Fund (NHIF) staff under the scheme. Included in the balance is transfers amount of Kshs.15,684,430 under both car loan and mortgage schemes which is not supported with an approved list of applicants, transaction numbers, loan amount and date of transfers for each scheme.</p> <p>In the circumstances, the accuracy and completeness of transfer balance of Kshs.15,684,430 could not be confirmed.</p>	<p>The figure amounting to Kshs. 1,040,099,697 comprises of the total outstanding loan issued to NHIF staff under the schemes. It include an amount of Kshs. 996,388,722 KCB S&amp;L Mortgage and Kshs. 43,710,975 NBK Car Loan whose computation and particulars are as shown below:</p> <table border="1" data-bbox="824 699 1601 1109"> <thead> <tr> <th colspan="3">NOTE 3</th> </tr> <tr> <th>KCB S&amp;L MORTGAGE</th> <th>KSHS</th> <th>KSHS</th> </tr> </thead> <tbody> <tr> <td>Opening Balance 1/7/2023</td> <td>993,788,982.79</td> <td></td> </tr> <tr> <td>Transfers</td> <td>2,599,739.44</td> <td></td> </tr> <tr> <td>Cloising balance 30/06/2024</td> <td>996,388,722.23</td> <td>996,388,722.23</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <th>NBK CAR LOAN</th> <th></th> <th></th> </tr> <tr> <td>Opening Balance 1/7/2023</td> <td>30,626,283.88</td> <td></td> </tr> <tr> <td>Transfers</td> <td>13,084,691.60</td> <td></td> </tr> <tr> <td>Closing balance 30/06/2024</td> <td>43,710,975.48</td> <td>43,710,975.48</td> </tr> <tr> <td><b>Grand Closing balance 30/06/2024</b></td> <td></td> <td><b>1,040,099,697.71</b></td> </tr> </tbody> </table> <p>The breakdown of Kshs. 15,684,430 (KCB S&amp;L Mortgage 2,599,739.44 and NBK CAR Loan Kshs. 13,084,691.60) is shown below.</p>	NOTE 3			KCB S&L MORTGAGE	KSHS	KSHS	Opening Balance 1/7/2023	993,788,982.79		Transfers	2,599,739.44		Cloising balance 30/06/2024	996,388,722.23	996,388,722.23				NBK CAR LOAN			Opening Balance 1/7/2023	30,626,283.88		Transfers	13,084,691.60		Closing balance 30/06/2024	43,710,975.48	43,710,975.48	<b>Grand Closing balance 30/06/2024</b>		<b>1,040,099,697.71</b>	RESOLVED	
NOTE 3																																					
KCB S&L MORTGAGE	KSHS	KSHS																																			
Opening Balance 1/7/2023	993,788,982.79																																				
Transfers	2,599,739.44																																				
Cloising balance 30/06/2024	996,388,722.23	996,388,722.23																																			
NBK CAR LOAN																																					
Opening Balance 1/7/2023	30,626,283.88																																				
Transfers	13,084,691.60																																				
Closing balance 30/06/2024	43,710,975.48	43,710,975.48																																			
<b>Grand Closing balance 30/06/2024</b>		<b>1,040,099,697.71</b>																																			

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)		
		<b>KCB S&amp;L MORTGAGE TRANSFER STATEMENT</b>				
		<b>OPENING BALANCE</b>	<b>ADD NEW LOANS</b>	<b>LESS DEVOLVED FUNDS</b>	<b>CLOSING BALANCE</b>	<b>OPENING BALANCE</b>
		Jun-23			993,788,982.79	
		Sep-23	39,530,000.00	19,046,390.36	1,014,272,592.43	
		Dec-23	30,600,000.00	34,602,878.97	1,010,269,713.46	
		Mar-24	30,450,000.00	25,636,735.12	1,015,082,978.34	
		Jun-24	-	18,694,256.11	<b>996,388,722.23</b>	<b>CLOSING BALANCE</b>

Social Health Authority Car loan and Mortgage Scheme  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025

NBK CAR LOAN TRANSFER STATEMENT AS AT 30TH JUNE 2024			
ACCOUNT NUMBER	POSTINGDATE	VALUEDATE	AMOUNT
<b>PRINCIPAL PAID</b>			
01021032515200	7/21/2023 11:14:00 AM	TOTAL PRINCIPAL PAID BACK AS AT 30TH JUNE, 2023	6,376,405.17
01021032515200	10/4/2023 8:32:00 AM	TOTAL PRINCIPAL PAID BACK AT 30TH SEPT 2023	3,729,087.83
01021032515200	1/5/2024 12:00:00 AM	TOTAL PRINCIPAL PAID BACK AT 30TH NOV 2023	3,736,576.86
01021032515200	4/2/2024 12:00:00 AM	TOTAL PRINCIPAL PAID BACK AT 31ST MARCH 2024	4,935,460.90
01021032515200	7/4/2024 12:00:00 AM	TOTAL PRINCIPAL PAID BACK AT 31ST MAY 2024	2,916,446.72
<b>Sub total Principal paid back</b>			<b>21,693,977.48</b>
<b>INTEREST EARNED</b>			
01021032515200	8/1/2023 12:00:00 AM	Main Interest Credit:	55,516.65
01021032515200	9/1/2023 12:00:00 AM	Main Interest Credit:	62,948.19
01021032515200	9/30/2023 11:57:47 PM	Main Interest Credit:	61,021.07
01021032515200	11/1/2023 12:00:00 AM	Main Interest Credit:	58,800.48
01021032515200	12/1/2023 12:00:00 AM	Main Interest Credit:	56,767.38
01021032515200	12/31/2023 9:50:56 PM	Main Interest Credit:	58,756.05
01021032515200	1/31/2024 12:00:00 AM	Main Interest Credit:	51,821.50
01021032515200	2/29/2024 12:00:00 AM	Main Interest Credit:	56,505.75
01021032515200	3/31/2024 12:00:00 AM	Main Interest Credit:	62,641.50
01021032515200	4/30/2024 12:00:00 AM	Main Interest Credit:	66,523.20
01021032515200	5/31/2024 12:00:00 AM	Main Interest Credit:	69,046.90
01021032515200	6/30/2024 12:00:00 AM	Main Interest Credit:	66,939.45
<b>Sub total Interest</b>			<b>727,288.12</b>
<b>Less - STAFF LOAN TRANSFERS</b>			
01021032515200	10/3/2023 12:00:00 AM	LAURA AKETCH ECHULET 2318	1,170,000.00
01021032515200	10/3/2023 12:00:00 AM	LAMECK BONGOYE NYACHIEO 2507	766,574.00
01021032515200	10/3/2023 12:00:00 AM	MARY ONJIKO OYUCHO 0452	1,200,000.00
01021032515200	10/3/2023 12:00:00 AM	JEMIMAH WANGECHI KIIRU 1759	1,530,000.00
01021032515200	10/3/2023 12:00:00 AM	JOSEPHINE WEIN KULUO 2571	1,770,000.00
01021032515200	1/5/2024 11:41:00 AM	WARUGURU TABITHA 1382	1,600,000.00
01021032515200	4/2/2024 12:00:00 AM	EMILY JERUTO 2012	1,300,000.00
<b>Sub total Staff Loan Transfer</b>			<b>9,336,574.00</b>
<b>BALANCE</b>			<b>13,084,691.60</b>

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)																																																								
Query No. 2 Unsupported Unutilized Deposit	<p>The statement of financial position reflects unutilized deposit balance of Kshs.356,979,398 as disclosed in Note 3 to the financial statements. Included in the balance is approved facilities held pending drawdown amount of Kshs.81,132,113 out of which Kshs.27,024,514 relates to a local bank car loan which was not supported with approved list of applicants indicating the amount and date of approval. Further, the amount includes transfer of Kshs.13,084,691 in the same bank which was not supported with approved list of transfers, amount and date of transfer. In addition, the balance includes Kshs.160,754,322 for another local bank's S&amp;L mortgage available for commitment which was not supported with bank statements and certificate of balance.</p> <p>In the circumstances, the accuracy and completeness of unutilized deposit balance of Kshs.356,979,398 could not be confirmed.</p>	<p>The balance of Kshs.81,132,113 comprises of the approved loans pending drawdown from KCB amounting to Kshs. 54,107,599 in KCB S&amp;L Mortgage and Kshs. 27,024,514 being bank balance brought down from 2022/23 for NBK Car Loan statement see tabulation shown below. The balance of Kshs 127,450,366 represent the value of total loans which are at the appraisal stage and the particulars are shown below. Kshs 160,754,322.00 represent the available bank balance for the KCB S&amp;L Mortgage Scheme as at 30<sup>th</sup> June 2024 as evidence in the statement attached in appendix 2</p> <table border="1"> <thead> <tr> <th colspan="4">KCB MORTGAGE DIVISION</th> </tr> <tr> <th colspan="4">NHIF STAFF HOUSING SCHEME</th> </tr> <tr> <th colspan="4">LOANS APPROVED HELD PENDING DRAWDOWN AS AT 30.06.2024</th> </tr> <tr> <th>Name(s)</th> <th>Amount</th> <th>Purpose</th> <th>Date Approved</th> </tr> </thead> <tbody> <tr> <td>1 GEORGE MURAGURI WARUI</td> <td>4,500,000.00</td> <td>PURCHASE</td> <td>17-May-19</td> </tr> <tr> <td>2 FIRDHALIS OMAR HAMZA</td> <td>6,000,000.00</td> <td>PURCHASE</td> <td>22-Jun-20</td> </tr> <tr> <td>3 JUANET CHERYOGICH</td> <td>3,970,000.00</td> <td>PURCHASE</td> <td>23-Dec-20</td> </tr> <tr> <td>4 EDWARD M. MINAUJUA</td> <td>5,137,599.00</td> <td>TAKE-OVER</td> <td>26-Feb-21</td> </tr> <tr> <td>5 KELVIN NGANGA NGOTHO</td> <td>11,000,000.00</td> <td>PURCHASE</td> <td>19-Mar-21</td> </tr> <tr> <td>6 ARCHBOLD N NYARANGO</td> <td>8,000,000.00</td> <td>PURCHASE</td> <td>29-Sep-23</td> </tr> <tr> <td>10 JOY CHEROTICH BETT</td> <td>9,000,000.00</td> <td>PURCHASE</td> <td>28-Sep-23</td> </tr> <tr> <td>12 PATRICK ANDREW RAUTTA</td> <td>6,500,000.00</td> <td>PURCHASE</td> <td>17-Nov-23</td> </tr> <tr> <td>14</td> <td>54,107,599.00</td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>AMOS NOUNGU MWANGI BRANCH MANAGER GARDEN PLAZA</p> <p>NICHOLAS NJIHA RELATIONSHIP MANAGER MORTGAGE SCHEMES</p>	KCB MORTGAGE DIVISION				NHIF STAFF HOUSING SCHEME				LOANS APPROVED HELD PENDING DRAWDOWN AS AT 30.06.2024				Name(s)	Amount	Purpose	Date Approved	1 GEORGE MURAGURI WARUI	4,500,000.00	PURCHASE	17-May-19	2 FIRDHALIS OMAR HAMZA	6,000,000.00	PURCHASE	22-Jun-20	3 JUANET CHERYOGICH	3,970,000.00	PURCHASE	23-Dec-20	4 EDWARD M. MINAUJUA	5,137,599.00	TAKE-OVER	26-Feb-21	5 KELVIN NGANGA NGOTHO	11,000,000.00	PURCHASE	19-Mar-21	6 ARCHBOLD N NYARANGO	8,000,000.00	PURCHASE	29-Sep-23	10 JOY CHEROTICH BETT	9,000,000.00	PURCHASE	28-Sep-23	12 PATRICK ANDREW RAUTTA	6,500,000.00	PURCHASE	17-Nov-23	14	54,107,599.00			TOTAL				RESOLVED	
KCB MORTGAGE DIVISION																																																												
NHIF STAFF HOUSING SCHEME																																																												
LOANS APPROVED HELD PENDING DRAWDOWN AS AT 30.06.2024																																																												
Name(s)	Amount	Purpose	Date Approved																																																									
1 GEORGE MURAGURI WARUI	4,500,000.00	PURCHASE	17-May-19																																																									
2 FIRDHALIS OMAR HAMZA	6,000,000.00	PURCHASE	22-Jun-20																																																									
3 JUANET CHERYOGICH	3,970,000.00	PURCHASE	23-Dec-20																																																									
4 EDWARD M. MINAUJUA	5,137,599.00	TAKE-OVER	26-Feb-21																																																									
5 KELVIN NGANGA NGOTHO	11,000,000.00	PURCHASE	19-Mar-21																																																									
6 ARCHBOLD N NYARANGO	8,000,000.00	PURCHASE	29-Sep-23																																																									
10 JOY CHEROTICH BETT	9,000,000.00	PURCHASE	28-Sep-23																																																									
12 PATRICK ANDREW RAUTTA	6,500,000.00	PURCHASE	17-Nov-23																																																									
14	54,107,599.00																																																											
TOTAL																																																												

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)																																																																																																																
		<table border="1"> <thead> <tr> <th colspan="6">NBK A/C: 01288032515200 - NHIF STAFF CAR LOAN INTEREST 2023/2024</th> </tr> <tr> <th>Transaction No.</th> <th>Date</th> <th>Receipt No.</th> <th>Details</th> <th>Interest Amount</th> <th>QTR Int. Amount</th> </tr> </thead> <tbody> <tr> <td>CR/1429322544</td> <td>31.07.23</td> <td>78488322</td> <td>INTEREST NBK CAR LOAN JULY 2023</td> <td>55,516.65</td> <td></td> </tr> <tr> <td>CR/1429322545</td> <td>31.08.23</td> <td>78488408</td> <td>INTEREST NBK CAR LOAN AUGUST 2023</td> <td>62,948.19</td> <td></td> </tr> <tr> <td>CR/1429322546</td> <td>30.09.23</td> <td>78488518</td> <td>INTEREST NBK CAR LOAN SEPTEMBER 2023</td> <td>61,021.07</td> <td>179,485.91</td> </tr> <tr> <td>CR/1434676822</td> <td>31.10.23</td> <td>80906250</td> <td>INTEREST CAR LOAN OCT 2023</td> <td>58,800.48</td> <td></td> </tr> <tr> <td>CR/1434676823</td> <td>30.11.23</td> <td>80906559</td> <td>INTEREST CAR LOAN NOV 2023</td> <td>56,767.38</td> <td></td> </tr> <tr> <td>CR/1434676824</td> <td>31.12.23</td> <td>80906703</td> <td>INTEREST CAR LOAN DEC 2023</td> <td>58,756.05</td> <td>174,323.91</td> </tr> <tr> <td>CR/1438606090</td> <td>31.01.24</td> <td>83041299</td> <td>INTEREST CAR LOAN JAN 2024</td> <td>51,821.50</td> <td></td> </tr> <tr> <td>CR/1438606091</td> <td>29.02.24</td> <td>83041415</td> <td>INTEREST CAR LOAN FEB 2024</td> <td>56,505.75</td> <td></td> </tr> <tr> <td>CR/1438606093</td> <td>31.03.24</td> <td>83041614</td> <td>INTEREST CAR LOAN MAR 2024</td> <td>62,641.50</td> <td>170,968.75</td> </tr> <tr> <td>CR/1440849692</td> <td>30.04.24</td> <td>84563296</td> <td>INTEREST NBK CAR LOAN APRIL 2024</td> <td>66,523.20</td> <td></td> </tr> <tr> <td>CR/1440849693</td> <td>31.05.24</td> <td>84563398</td> <td>INTEREST NBK CAR LOAN MAY 2024</td> <td>69,046.90</td> <td></td> </tr> <tr> <td>CR/1441736407</td> <td>30.06.24</td> <td>85259465</td> <td>INTEREST S&amp;L CAR LOAN JUNE 2024</td> <td>66,939.45</td> <td>202,509.55</td> </tr> <tr> <td colspan="4"><b>TOTAL INTEREST</b></td> <td><b>727,288.12</b></td> <td><b>727,288.12</b></td> </tr> </tbody> </table> <p><b>NBK CAR LOAN</b></p> <table> <tr> <td><b>BANK BALANCES (Escrow)</b></td> <td style="text-align: right;"><b>Kshs.</b></td> </tr> <tr> <td>Bank balance B/F 1st July 2022</td> <td style="text-align: right;">19,363,253</td> </tr> <tr> <td>Transfers</td> <td style="text-align: right;">7,233,205</td> </tr> <tr> <td>Add Interest</td> <td style="text-align: right;">442,718</td> </tr> <tr> <td>Less: WHT</td> <td style="text-align: right;">(14,663)</td> </tr> <tr> <td><b>Bank balance B/F 1st July 2023</b></td> <td style="text-align: right;"><b><u>27,024,514</u></b></td> </tr> </table> <p><b>NOTES TO SUPPORT Kshs. 27,024,514.00</b></p> <p><b>TRANSFERS</b></p> <table> <tr> <td>Bank balance B/F 1st July 2023</td> <td style="text-align: right;">27,024,514</td> </tr> <tr> <td>Bank balance B/F 1st July 2022</td> <td style="text-align: right;">19,363,253</td> </tr> <tr> <td>Add Interest</td> <td style="text-align: right;">442,718</td> </tr> <tr> <td>Less: WHT</td> <td style="text-align: right;">(14,663)</td> </tr> <tr> <td></td> <td style="text-align: right;"><b><u>7,233,205</u></b></td> </tr> </table>	NBK A/C: 01288032515200 - NHIF STAFF CAR LOAN INTEREST 2023/2024						Transaction No.	Date	Receipt No.	Details	Interest Amount	QTR Int. Amount	CR/1429322544	31.07.23	78488322	INTEREST NBK CAR LOAN JULY 2023	55,516.65		CR/1429322545	31.08.23	78488408	INTEREST NBK CAR LOAN AUGUST 2023	62,948.19		CR/1429322546	30.09.23	78488518	INTEREST NBK CAR LOAN SEPTEMBER 2023	61,021.07	179,485.91	CR/1434676822	31.10.23	80906250	INTEREST CAR LOAN OCT 2023	58,800.48		CR/1434676823	30.11.23	80906559	INTEREST CAR LOAN NOV 2023	56,767.38		CR/1434676824	31.12.23	80906703	INTEREST CAR LOAN DEC 2023	58,756.05	174,323.91	CR/1438606090	31.01.24	83041299	INTEREST CAR LOAN JAN 2024	51,821.50		CR/1438606091	29.02.24	83041415	INTEREST CAR LOAN FEB 2024	56,505.75		CR/1438606093	31.03.24	83041614	INTEREST CAR LOAN MAR 2024	62,641.50	170,968.75	CR/1440849692	30.04.24	84563296	INTEREST NBK CAR LOAN APRIL 2024	66,523.20		CR/1440849693	31.05.24	84563398	INTEREST NBK CAR LOAN MAY 2024	69,046.90		CR/1441736407	30.06.24	85259465	INTEREST S&L CAR LOAN JUNE 2024	66,939.45	202,509.55	<b>TOTAL INTEREST</b>				<b>727,288.12</b>	<b>727,288.12</b>	<b>BANK BALANCES (Escrow)</b>	<b>Kshs.</b>	Bank balance B/F 1st July 2022	19,363,253	Transfers	7,233,205	Add Interest	442,718	Less: WHT	(14,663)	<b>Bank balance B/F 1st July 2023</b>	<b><u>27,024,514</u></b>	Bank balance B/F 1st July 2023	27,024,514	Bank balance B/F 1st July 2022	19,363,253	Add Interest	442,718	Less: WHT	(14,663)		<b><u>7,233,205</u></b>		
NBK A/C: 01288032515200 - NHIF STAFF CAR LOAN INTEREST 2023/2024																																																																																																																				
Transaction No.	Date	Receipt No.	Details	Interest Amount	QTR Int. Amount																																																																																																															
CR/1429322544	31.07.23	78488322	INTEREST NBK CAR LOAN JULY 2023	55,516.65																																																																																																																
CR/1429322545	31.08.23	78488408	INTEREST NBK CAR LOAN AUGUST 2023	62,948.19																																																																																																																
CR/1429322546	30.09.23	78488518	INTEREST NBK CAR LOAN SEPTEMBER 2023	61,021.07	179,485.91																																																																																																															
CR/1434676822	31.10.23	80906250	INTEREST CAR LOAN OCT 2023	58,800.48																																																																																																																
CR/1434676823	30.11.23	80906559	INTEREST CAR LOAN NOV 2023	56,767.38																																																																																																																
CR/1434676824	31.12.23	80906703	INTEREST CAR LOAN DEC 2023	58,756.05	174,323.91																																																																																																															
CR/1438606090	31.01.24	83041299	INTEREST CAR LOAN JAN 2024	51,821.50																																																																																																																
CR/1438606091	29.02.24	83041415	INTEREST CAR LOAN FEB 2024	56,505.75																																																																																																																
CR/1438606093	31.03.24	83041614	INTEREST CAR LOAN MAR 2024	62,641.50	170,968.75																																																																																																															
CR/1440849692	30.04.24	84563296	INTEREST NBK CAR LOAN APRIL 2024	66,523.20																																																																																																																
CR/1440849693	31.05.24	84563398	INTEREST NBK CAR LOAN MAY 2024	69,046.90																																																																																																																
CR/1441736407	30.06.24	85259465	INTEREST S&L CAR LOAN JUNE 2024	66,939.45	202,509.55																																																																																																															
<b>TOTAL INTEREST</b>				<b>727,288.12</b>	<b>727,288.12</b>																																																																																																															
<b>BANK BALANCES (Escrow)</b>	<b>Kshs.</b>																																																																																																																			
Bank balance B/F 1st July 2022	19,363,253																																																																																																																			
Transfers	7,233,205																																																																																																																			
Add Interest	442,718																																																																																																																			
Less: WHT	(14,663)																																																																																																																			
<b>Bank balance B/F 1st July 2023</b>	<b><u>27,024,514</u></b>																																																																																																																			
Bank balance B/F 1st July 2023	27,024,514																																																																																																																			
Bank balance B/F 1st July 2022	19,363,253																																																																																																																			
Add Interest	442,718																																																																																																																			
Less: WHT	(14,663)																																																																																																																			
	<b><u>7,233,205</u></b>																																																																																																																			

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)																																																																				
		<table border="1"> <thead> <tr> <th colspan="2">KCB - MORTGAGE DIVISION</th> </tr> <tr> <th colspan="2">NHIF STAFF HOUSING SCHEME</th> </tr> <tr> <th colspan="2">APPLICATIONS YET TO BE APPROVED AS AT 30.06.2024</th> </tr> <tr> <th>Name(s)</th> <th>Amount Allocated</th> </tr> </thead> <tbody> <tr><td>1 MICHA EL THOMI</td><td>4,850,000.00</td></tr> <tr><td>2 HELLEN NDUKU MUTISO</td><td>3,000,000.00</td></tr> <tr><td>3 TECLA TANUI</td><td>6,000,000.00</td></tr> <tr><td>4 EDWIN OTIENO</td><td>3,214,000.00</td></tr> <tr><td>5 SUSAN EMMAH BOSIRE</td><td>7,000,000.00</td></tr> <tr><td>6 ROSEMARY WANGUI WAITHA KA</td><td>5,500,000.00</td></tr> <tr><td>7 PRISCAR MAWIA NDIINGO</td><td>3,700,000.00</td></tr> <tr><td>8 MARIA BOSIBORI MOSIORI</td><td>5,000,000.00</td></tr> <tr><td>9 DON MANOAH OCHIEL</td><td>4,000,000.00</td></tr> <tr><td>10 MARY WAITHERA MA KORI</td><td>4,000,000.00</td></tr> <tr><td>11 SUSAN GAKII NDWIGA</td><td>8,500,000.00</td></tr> <tr><td>12 ESTHER WAIRIMU NDERI</td><td>4,000,000.00</td></tr> <tr><td>13 MERCY KAMEME MUTUA</td><td>2,126,366.00</td></tr> <tr><td>14 GLADYS MORAA MASIRA</td><td>7,000,000.00</td></tr> <tr><td>15 MUTWIRI MNAROB</td><td>6,000,000.00</td></tr> <tr><td>16 BETTY CHELANGAT TOO</td><td>4,000,000.00</td></tr> <tr><td>17 JAMES MUIGAI NGATIA</td><td>5,500,000.00</td></tr> <tr><td>18 NOBERT POGISHIO</td><td>9,500,000.00</td></tr> <tr><td>19 NAOMI WANGUI MWANGI</td><td>5,060,000.00</td></tr> <tr><td>20 MINNIE WANGECHI NYAGAH</td><td>3,000,000.00</td></tr> <tr><td>21 JUDITH ONKWARE</td><td>9,400,000.00</td></tr> <tr><td>22 STEPHANIE MERIANI</td><td>5,500,000.00</td></tr> <tr><td>23 JANE PERERUAN TONKEI</td><td>11,600,000.00</td></tr> <tr><td><b>TOTAL</b></td><td><b>127,450,366.00</b></td></tr> </tbody> </table> <table> <tr> <td><b>AMOS NDUNG'U MWANGI</b></td> <td><b>NICHOLAS NJIHA</b></td> </tr> <tr> <td>BRANCH MANAGER - GARDEN MORTGAGE CENTRE</td> <td>RELATIONSHIP MANAGER - MORTGAGE SCHEMES</td> </tr> </table> <table border="1"> <thead> <tr> <th colspan="2">NBK CAR LOAN</th> </tr> </thead> <tbody> <tr> <td>Opening Balance 1/7/2023</td> <td>30,626,283.88</td> </tr> <tr> <td>Transfers</td> <td>13,084,691.60</td> </tr> <tr> <td>Closing balance 30/06/2024</td> <td>43,710,975.48</td> </tr> </tbody> </table>	KCB - MORTGAGE DIVISION		NHIF STAFF HOUSING SCHEME		APPLICATIONS YET TO BE APPROVED AS AT 30.06.2024		Name(s)	Amount Allocated	1 MICHA EL THOMI	4,850,000.00	2 HELLEN NDUKU MUTISO	3,000,000.00	3 TECLA TANUI	6,000,000.00	4 EDWIN OTIENO	3,214,000.00	5 SUSAN EMMAH BOSIRE	7,000,000.00	6 ROSEMARY WANGUI WAITHA KA	5,500,000.00	7 PRISCAR MAWIA NDIINGO	3,700,000.00	8 MARIA BOSIBORI MOSIORI	5,000,000.00	9 DON MANOAH OCHIEL	4,000,000.00	10 MARY WAITHERA MA KORI	4,000,000.00	11 SUSAN GAKII NDWIGA	8,500,000.00	12 ESTHER WAIRIMU NDERI	4,000,000.00	13 MERCY KAMEME MUTUA	2,126,366.00	14 GLADYS MORAA MASIRA	7,000,000.00	15 MUTWIRI MNAROB	6,000,000.00	16 BETTY CHELANGAT TOO	4,000,000.00	17 JAMES MUIGAI NGATIA	5,500,000.00	18 NOBERT POGISHIO	9,500,000.00	19 NAOMI WANGUI MWANGI	5,060,000.00	20 MINNIE WANGECHI NYAGAH	3,000,000.00	21 JUDITH ONKWARE	9,400,000.00	22 STEPHANIE MERIANI	5,500,000.00	23 JANE PERERUAN TONKEI	11,600,000.00	<b>TOTAL</b>	<b>127,450,366.00</b>	<b>AMOS NDUNG'U MWANGI</b>	<b>NICHOLAS NJIHA</b>	BRANCH MANAGER - GARDEN MORTGAGE CENTRE	RELATIONSHIP MANAGER - MORTGAGE SCHEMES	NBK CAR LOAN		Opening Balance 1/7/2023	30,626,283.88	Transfers	13,084,691.60	Closing balance 30/06/2024	43,710,975.48		
KCB - MORTGAGE DIVISION																																																																								
NHIF STAFF HOUSING SCHEME																																																																								
APPLICATIONS YET TO BE APPROVED AS AT 30.06.2024																																																																								
Name(s)	Amount Allocated																																																																							
1 MICHA EL THOMI	4,850,000.00																																																																							
2 HELLEN NDUKU MUTISO	3,000,000.00																																																																							
3 TECLA TANUI	6,000,000.00																																																																							
4 EDWIN OTIENO	3,214,000.00																																																																							
5 SUSAN EMMAH BOSIRE	7,000,000.00																																																																							
6 ROSEMARY WANGUI WAITHA KA	5,500,000.00																																																																							
7 PRISCAR MAWIA NDIINGO	3,700,000.00																																																																							
8 MARIA BOSIBORI MOSIORI	5,000,000.00																																																																							
9 DON MANOAH OCHIEL	4,000,000.00																																																																							
10 MARY WAITHERA MA KORI	4,000,000.00																																																																							
11 SUSAN GAKII NDWIGA	8,500,000.00																																																																							
12 ESTHER WAIRIMU NDERI	4,000,000.00																																																																							
13 MERCY KAMEME MUTUA	2,126,366.00																																																																							
14 GLADYS MORAA MASIRA	7,000,000.00																																																																							
15 MUTWIRI MNAROB	6,000,000.00																																																																							
16 BETTY CHELANGAT TOO	4,000,000.00																																																																							
17 JAMES MUIGAI NGATIA	5,500,000.00																																																																							
18 NOBERT POGISHIO	9,500,000.00																																																																							
19 NAOMI WANGUI MWANGI	5,060,000.00																																																																							
20 MINNIE WANGECHI NYAGAH	3,000,000.00																																																																							
21 JUDITH ONKWARE	9,400,000.00																																																																							
22 STEPHANIE MERIANI	5,500,000.00																																																																							
23 JANE PERERUAN TONKEI	11,600,000.00																																																																							
<b>TOTAL</b>	<b>127,450,366.00</b>																																																																							
<b>AMOS NDUNG'U MWANGI</b>	<b>NICHOLAS NJIHA</b>																																																																							
BRANCH MANAGER - GARDEN MORTGAGE CENTRE	RELATIONSHIP MANAGER - MORTGAGE SCHEMES																																																																							
NBK CAR LOAN																																																																								
Opening Balance 1/7/2023	30,626,283.88																																																																							
Transfers	13,084,691.60																																																																							
Closing balance 30/06/2024	43,710,975.48																																																																							
Query No. 3	The statement of financial position reflects accumulated surplus balance of Kshs.	The financial statements have been amended to reflect the correct amounts for Statement of Financial Position and Statement of Changes in Net Assets as below:	RESOLVED																																																																					

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)												
Inaccuracies in accumulated Surplus	450,986,727 while the statement of changes in net assets reflects a balance of Kshs. 420,628,207 resulting to unexplained variance of Kshs. 30,358,520. In the circumstances, the accuracy and completeness of accumulated surplus of Kshs. 450,986,727 could not be confirmed.	<table border="1"> <thead> <tr> <th data-bbox="837 416 1070 539">Details</th> <th data-bbox="1077 416 1249 539">Statement of financial position Balance (Kshs)</th> <th data-bbox="1256 416 1451 539">Statement of Changes in Net Assets (Kshs)</th> <th data-bbox="1458 416 1599 539">Variance (Kshs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="837 544 1070 571">Accumulated Surplus</td> <td data-bbox="1077 544 1249 571">450,986,726</td> <td data-bbox="1256 544 1451 571">450,986,726</td> <td data-bbox="1458 544 1599 571">-</td> </tr> <tr> <td data-bbox="837 576 1070 603">Total Net Assets</td> <td data-bbox="1077 576 1249 603">1,397,079,095</td> <td data-bbox="1256 576 1451 603">1,397,079,095</td> <td data-bbox="1458 576 1599 603">-</td> </tr> </tbody> </table>				Details	Statement of financial position Balance (Kshs)	Statement of Changes in Net Assets (Kshs)	Variance (Kshs)	Accumulated Surplus	450,986,726	450,986,726	-	Total Net Assets	1,397,079,095	1,397,079,095	-		
Details	Statement of financial position Balance (Kshs)	Statement of Changes in Net Assets (Kshs)	Variance (Kshs)																
Accumulated Surplus	450,986,726	450,986,726	-																
Total Net Assets	1,397,079,095	1,397,079,095	-																
<b>Query no. 4</b> Lack of Car Loan and Mortgage policy and Regulations	<p>The statement of financial performance reflects financial asset (utilized funds) of Kshs.1,040,099,697 as disclosed in Note 3 to the financial statements. Review revealed that the scheme operates without an approved car loan and mortgage policy and regulations to provide clear guideline on its operations. In addition, the car loan and mortgage loan advanced at 5.5% and 5% per annum respectively were not backed up in any legal document. This was contrary to Section 23(1)(c) of the Public Finance Management Regulations 2015 states that the Accounting Officers shall, in accordance with Article 226(2) of the Constitution and section 68(1) of the Act, be accountable to the National Assembly; for maintaining effective systems of</p>	<p>The NHIF Special Staff Mortgage Scheme is governed by a comprehensive set of documented policies, procedures, and guidelines, which are periodically reviewed and updated to ensure compliance with current standards. The scheme is aligned with the NHIF Human Resource Policy and Procedures Manual, particularly Sections 3.11 and 4.20, which outline the establishment and management of Car Loans and Mortgage Schemes based on prevailing Government guidelines.</p> <p>As per Section 3.11.1 of the Human Resource Policy and Procedures Manual, the NHIF established the Car Loan and Mortgage Scheme in accordance with prevailing Government guidelines. Section 4.20 further emphasizes that the Fund's Mortgage Scheme aims to encourage employees to own residential houses, with eligibility contingent on maintaining at least one-third of their basic salary after loan deductions.</p> <p>The Scheme's interest rates, loan entitlements, and repayment schedules are aligned with Government guidelines and are approved by the NHIF Board of Management, as outlined in Sections 4.20.2 and 4.20.3 of the HR Manual. This ensures that the Scheme remains fair, sustainable, and accessible to all eligible employees.</p> <p>Section 4.20.4 of the Human Resource Manual stipulates that the mortgage scheme shall be managed in accordance with regulations developed by the Fund. This management framework is reflected in the Memorandum of Understanding (MOU) between NHIF and KCB, which serves as the operational backbone of the Scheme. The MOU includes Schedule One, detailing the general requirements for loan applications, and is regularly</p>				NOT RESOLVED	DRAFT POLICY AWAITING BOARD APPROVAL												

Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)
	<p>internal control and the measures taken to ensure that they are effective. Best practices require an entity to have approved documented policies which provides clear guidelines on its operations</p>	<p>reviewed to ensure alignment with both NHIF's Policies and KCB's lending standards.</p> <p>Applicants are required to submit a fully completed Mortgage Application Form, proof of identity (National ID or Valid Passport), KRA PIN certificate, and recent pay slips, among other documents. For non-KCB customers, certified bank statements for the last six months are mandatory. Additionally, applicants must provide a letter from the employer confirming their employment status and a copy of the Title Deed to the property being purchased. For construction loans, further documentation such as approved building plans and structural drawings are required.</p> <p>Once an application is approved, the applicant must submit a Valuation Report of the property, spousal consent or an affidavit of marital status, and open a KCB account with a minimum balance of Kes 1,000. The final steps before loan disbursement involve the execution of a sale agreement, which must be signed by both the vendor and the applicant in the presence of a lawyer.</p> <p>These procedures ensure that all loan applications are thoroughly vetted and meet both NHIF's internal criteria, as outlined in the Human Resource Policy and Procedures Manual, and KCB's lending standards. NHIF conducts preliminary vetting of applicants in accordance with its Staff Housing Scheme Rules and Regulations before forwarding applications to KCB for appraisal, as stipulated in the MOU. KCB then reviews the application against its lending criteria, retaining the right to accept or decline applications. This two-tiered vetting process guarantees that only eligible and financially sound applicants benefit from the scheme, thereby minimizing risks. To further enhance transparency and ensure compliance with all regulatory requirements, Management has committed to maintaining an up-to-date records of all Policies and Procedures governing the Scheme. This commitment is in line with the stipulations in Sections 3.11 and 4.20 of the Human Resource Policy and Procedures Manual, which emphasize adherence to Government guidelines and NHIF's internal regulations. Comprehensive documentation, such as the MOU and related schedules, are as attached to auditors to facilitate audit verification and address any concerns regarding the administration of the Scheme.</p>		

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)
		<p>The eligibility of applicants is a critical aspect of the NHIF Special Staff Mortgage Scheme, ensuring that only eligible employees participate. The Scheme's eligibility criteria are well-defined and are enforced through a vetting process. NHIF begins by conducting a preliminary vetting of applicants based on its Staff Housing Scheme Rules and Regulations. These rules are part of the NHIF Human Resource policies, which serve as a general guide to potential applicants.</p> <p>Upon successful preliminary vetting by NHIF, the applications are forwarded to KCB for further appraisal. The MOU mandates that KCB has the final authority to admit or decline an application based on its normal lending criteria and the terms of the MOU. If an application is declined, KCB is required to provide written reasons for the decision to both the applicant and NHIF, ensuring transparency and accountability. The MOU also provides applicants the opportunity to reapply if they can address the reasons for the initial rejection.</p> <p>The NHIF Car Loan Scheme was formalized through an MOU signed in 2017 with the National Bank of Kenya (NBK). This initiative, similar to the NHIF mortgage scheme, is designed to support employees by offering financial assistance to purchase vehicles. The scheme is rooted in NHIF's commitment to enhancing staff welfare, providing access to affordable car loans with competitive interest rates and flexible repayment terms.</p> <p>The foundation for this scheme was laid earlier during the Executive Board meeting held on 21st May 2003, where Management's proposal for the establishment of a Car Loan Scheme for NHIF employees was considered and approved in principle, as recorded in Minute Number E/129/2003. This approval marked a significant step towards enhancing employee welfare by providing affordable financing options for vehicle acquisition.</p> <p>The establishment of the Car Loan Scheme aligns with the Office of the President's Circular No. OP/CAB.23/1A, dated 1st September 2006, on the use of official transport in State Corporations. Clause C (b) of this Circular explicitly allows State Corporations to facilitate the purchase of vehicles for their officers/staff through a car loan scheme. By adhering to this directive, NHIF not only ensures compliance with Government guidelines but also supports its</p>		

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)
		<p>employees in obtaining necessary transportation, which is essential for efficient service delivery.</p> <p>i) Documentation and Compliance The NHIF Car Loan Scheme is governed by documented policies and procedures that align with the NHIF Human Resource Policy and Procedures Manual. These documents are regularly reviewed to ensure they comply with current standards and government guidelines. NHIF's management of the scheme includes a vetting process for applicants, similar to the mortgage scheme, ensuring that only eligible employees benefit from the loans.</p>		
<p><b>Query no. 5</b> Failure to recover and remit Fringe Benefit Tax</p>	<p>1.Non-Recovery and Remittance of Fringe Benefit Tax</p> <p>Note 4 to the financial statement reflects financial assets (disbursed loans) balance of Kshs.1,040,099,697 out of which an amount of Kshs.1,024,415,267 relates to fully disbursed loans and Kshs.15,684,430 relates to total transfers of car loans and mortgage funds advanced to employees at a rate of 5.5% and 5% respectively. However, it was noted that the Fund Management has not been remitting to Kenya Revenue Authority (KRA) fringe benefit tax accrued from the low interest loans extended to its members. This was contrary to section 12(B1) of the Income Tax Act, 2010 that requires an employer to pay fringe benefit tax in respect of a loan provided to an employee or</p>	<p>The management have not been remitting the fringe benefit taxes based on provisions of paragraph 45A of the first schedule to The Income Tax Act exempts all contributions and other payments into and out of the Fund monies invested under section 34 of the NHIF Act. However, in line with your recommendation we have consulted the Kenya Revenue Authority (KRA) and will start remitting fringe benefit tax immediately.</p>	RESOLVED	

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 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)
	<p>director at an interest rate lower than the market interest rate.</p> <p>In the circumstances, Management was in breach of the law</p>			
<p><b>Query no. 6</b> Lack of an Approved Budget</p>	<p>The financial statements for the year under review revealed that operation of the Fund was not guided by an approved budget. Therefore, administration of the Fund was not conducted in compliance with Section 149(2h) of the Public Finance Management Act, 2012, which requires the accounting officer to prepare estimates of expenditure of the entity in conformity with the strategic plan</p>	<p>The Car loan &amp; mortgage scheme is a revolving fund where back by the borrower is re-invested back to refinance new applications. New applications are queue up and refinanced on a first in first out basis. The scheme is managed in house with no administrative costs apart from the bank charges. Attached please find the contractual document that run the schemes.</p>	<p>RESOLVED</p>	



DR. MERCY MWANGANGI  
CHIEF EXECUTIVE OFFICER

Date 28/8/2025

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

Name of Transferring entity .....

Name of Beneficiary entity .....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....

*There were no Interfund transactions during the year.*

**Annex III: Reporting of Climate Relevant Expenditures**

**SOCIAL HEALTH AUTHORITY**  
 Telephone: 0800 720 601 & 147  
 Email: [info@sha.go.ke](mailto:info@sha.go.ke)

*Dr. Mercy Mwangangi*  
**Chief Executive Officer**

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
No Expenditure in the current year									

*There were no climate relevant expenditures*

*Social Health Authority Car loan and Mortgage Scheme  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025*

**Annex IV: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
No Expenditure in the current year						



# Register with SHA

Bima Bora, Afya Nyumbani

Dial \*147#

