

REPUBLIC OF KENYA



REPORT


THE NATIONAL ASSEMBLY
PAPERS LAID

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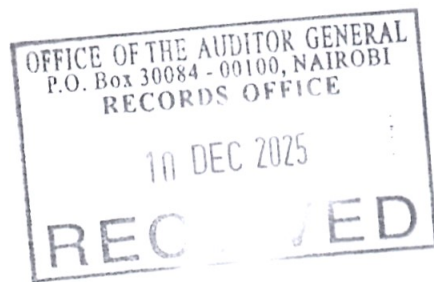
J. LEMERELLE

THE AUDITOR-GENERAL

ON

AGRICULTURE FOOD AUTHORITY (AFA) CAR LOAN AND MORTGAGE FUND

FOR THE YEAR ENDED
30 JUNE, 2025



AFA CAR LOAN/ MORTGAGE FUND/SCHEME

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

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AFA	Agriculture and Food Authority
BETA	Bottom-up Economic Transformational Agenda
CIPS	Chartered Institute of Procurement and Supply
DG	Director General
DOB	Date of Birth
FY	Financial Year
GPO	General Post Office
HCD	Horticulture Crops Directorate
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KCB	Kenya Commercial Bank
KIM	Kenya Institute of Management
KISM	Kenya Institute of Supplies Management
M/NO	Member Number
NBK	National Bank of Kenya
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission
KEMU	Kenya Methodist University
KSB	Kenya Sugar Board
KU	Kenyatta University
TVETS	Technical and Vocational Education and Training
UON	University of Nairobi

B: Glossary of Terms:

- | | | |
|-----------------------------|---|---|
| Comparative Year | – | Means the prior period. |
| Fiduciary Management | – | Members of Management directly entrusted with the responsibility of financial resources of the organisation |
| The Authority | – | Agriculture and Food Authority |

2. Key Entity Information and Management

a) Background information

The Agriculture and Food Authority Mortgage and Car Loan Schemes is not a registered Fund separate from the Authority. The fund is managed within the Authority by a management committee. The fund has its origins from some of the former institutions which merged to form AFA, specifically Tea board of Kenya and Kenya Sugar Board. The Fund was aligned to the provisions of the SRC Circular No. SRC/ADM/CIR/1/13/VOL.III/ (128) dated 17th December 2014 which gave guidance to all government institutions on the approval and implementation of the government Car Loan and Mortgage Schemes for State Officers and other Public Officers in Government. This is in line with the SRC mandate in Article 30(5b) of the Constitution of Kenya that aims at attracting and retaining requisite skills in the Public Service. It was envisaged that such benefits will enable the Public Service to effectively compete with the Private Sector attracting and retaining superior talents in the labour market.

Nationally, more than 60 percent of urban Kenyans are living in slums and other low-quality housing without adequate sanitation, undermining their dignity and exposes them to health hazards. This is also a reflection of the bias towards upper income housing. Moreover, our rapid urbanisation rate at 4.4 percent, equivalent to 500,000 new city dwellers a year, means that the housing supply is a moving target.

Housing is enshrined in our constitution as one of the basic social and economic rights, the right to “accessible and adequate housing, and to reasonable standards of sanitation” (Art. 43(b)). The right to housing is embedded in the Constitution of Kenya, which provides that every person has the right to accessible and adequate housing. With Kenya’s growing economy and one of the fastest-growing urbanisation rates in the continent, the demand for housing has never been greater.

The above has been envisioned by the Kenya Kwanza Administration specifically under the third Core Pillar on Housing and Settlement. The Kenya Kwanza manifesto under the Bottom-up Economic Transformational Agenda (BETA) focuses four key areas of national

development namely, Universal Health Care, Manufacturing, Food Security and Affordable Housing. Achieving the Housing deficit remains one of the primary government's priority under the BETA. This is informed by the current imbalance between the demand and supply of affordable houses in Kenya as well as the potential role that the construction Industry could play towards job creation and economic growth. According to National Housing Corporation, the affordable housing deficit currently stands at 2 million units, growing by about 200,000 units per annum. While the market seems to have a constant supply of high-end houses, the supply of housing in the low and middle-income segment especially in satellite towns is still low. According to the World Bank, 61 percent of urban households live in slums, an indication of the housing gap in the country. To address the gaps in addition to the other initiatives, the Government supports the growth of the number of mortgages schemes to targeting low-cost mortgages

The Government's commitment on housing and settlement is to turn the housing challenge into an economic opportunity. Next to agriculture, the Government envisions housing production as the sector that will create quality jobs for the 100,000 or so young people that are graduating from TVETs every year directly in the construction sector and indirectly through the production of building products. The Government advocates for structuring affordable long-term housing finance schemes including a National Housing Fund and Cooperative Social Housing Schemes that will guarantee offtake of houses from developers.

As per the Boma Yangu News Letter of June, 2025, the Government of Kenya has floated eight hundred and thirty-eight (838) units ready for occupation. Detailed below is the breakdown of the same,

*Agriculture and Food Authority Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025*

Location	Total Housing Units Available	Unit Size (M²)	Unit Sale Price
Studio Units			
Embu - Embu Town (Total Units: 100)	20	28	1,400,000
Homa Bay - Homa Bay Town (Total Units: 110)	30	28	1,400,000
Kirinyaga - Kianyaga, Gichugu (Total Units: 110)	30	20	1,000,000
Bomet - Chepalungu (Total Units: 220)	60	20	1,000,000
Machakos - Machakos Town (Total Units: 220)	60	20	1,000,000
Nanyuki - Nanyuki Town (Total Units: 200)	60	20	1,000,000
One (1) -Bedroom Units			
Embu - Embu Town (Total Units: 100)	40	43	
Homa Bay - Homa Bay Town (Total Units: 110)	40	43	2,150,000
Kirinyaga - Kianyaga, Gichugu (Total Units: 110)			
Bomet - Chepalungu (Total Units: 220)	20	30	1,500,000
Machakos - Machakos Town (Total Units: 220)	40	30	1,500,000
Nanyuki - Nanyuki Town (Total Units: 200)	20	30	1,500,000
Two (2)-Bedroom Units			
Embu - Embu Town (Total Units: 100)	40	64	3,200,000
Homa Bay - Homa Bay Town (Total Units: 110)	38	64	3,200,000
Kirinyaga - Kianyaga, Gichugu (Total Units: 110)	40	40	2,000,000
Bomet - Chepalungu (Total Units: 220)	120	40	2,000,000
Machakos - Machakos Town (Total Units: 220)	60	40	2,000,000
Three (3) -Bedroom Units			
Embu - Embu Town (Total Units: 100)			
Homa Bay - Homa Bay Town (Total Units: 110) -			
Kirinyaga - Kianyaga, Gichugu (Total Units: 110)	40	60	3,000,000
Bomet - Chepalungu (Total Units: 220)	20	60	3,000,000
Machakos - Machakos Town (Total Units: 220)	60	60	3,000,000

Source: Boma Yangu Newsletter- Issue 2 – June, 2025

With the rolling out of the Bottom-Up-Economic Model, with specific reference to the Core Pillar on Housing and Settlement, Agriculture and Food Authority (AFA) has rejuvenated its quest to ensure the existing AFA Staff Car Loan and Housing Mortgage Scheme continuously, improves so as to reinforce government Housing and Settlement agenda. The Governments effort need to be supplemented and with the availability of ready-made units under Boma Yangu initiative will for sure make it easier for AFA staff to own houses. One of the key principles of this scheme is enable AFA align to the National Development Goals to this end the principle underscores the nexus of employee personal investments and developments in line with national development agenda.

b) Principal Activities

The Fund's principal activity is to offer low interest loan facilities to members of the Authority to purchase land or houses, construct houses and purchase of cars.

The main objective in instituting the schemes is to ensure that they help in attracting and retaining competent and professional staff by using decision making frameworks that promote equity and professionalism and adherence to professional etiquette and public expectation of excellence in service delivery. The Authority aims to achieve this objective through various guiding principles including:

- Competitiveness of Benefits in the Authority
- Transparency and fairness in the disbursement of the funds
- Alignment of the Schemes to National Development goals

The Staff Mortgage and Car Loan Schemes are administered by independent banking institutions (KCB and NBK respectively) through Memoranda of Understanding between these Institutions and the Authority. The Authority however, has put in place a Committee that manages the internal processes and liaises with the Banking Institutions to ensure smooth disbursement of the funds to staff who qualify for the loans.

The committee to the fund and the Human Resource and Administration Directorate are responsible for the day-to-day operations.

c) Fund Administration Committee

The Authority has appointed a Fund Administration Committee to manage internal processes before submitting the applications to the banks for further processing.

The Committee is comprised of the following:

S/N	Position	Name
1.	Committee Chairperson	Rephah Kitavi
2.	Committee Member	Kibwana Mataka
3.	Committee Member	Mary Mkamburi
4.	Committee Member	Bernard Amadi
5.	Committee Member	Yulia Hagayoye
6.	Committee Member	Lilly Langat
7.	Committee Member	Stephen Njonjo
8.	Secretary	Agnes Mwangi
	Fund Bankers	1. Mortgage – KCB 2. Car Loan - NBK

d) Key Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Bankers	KCB Bank for Mortgage National Bank of Kenya for Car Loan
2.	Fund Accountant	CPA Stephen N. Kihereko
3.	Fund Chairperson	CPA Rephah M. Kitavi
4.	Committee Member	1. Bernard Amadi 2. Mary Mkamburi 3. Stephen Njonjo 4. Yulia Hagayoye 5. Lilly Langat and 6. Kibwana Mataka
5.	Committee Secretary	7. Agnes M. Mwangi

e) Fiduciary Oversight Arrangements

The scheme oversight role is undertaken by the management committee and while the day to day administration and operationalization is done by KCB for the mortgage scheme and NBK for the car loan scheme

**f) Registered Offices – Currently hosted
by the Agriculture and Food Authority**

Agriculture and Food Authority

Tea House

P.O. Box 37962– 00100

Naivasha Road

NAIROBI, KENYA

g) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

h) Fund Contacts

Telephone: (254) 722200556

E-mail: info@afa.go.ke

Website: www.afa.go.ke

i) Fund Bankers

1. Mortgage Scheme – Kenya Commercial
Bank

2. Car Loan Scheme – National Bank of
Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

3. The Fund Administration Committee

Name

Joseph W. Muigai



Details of qualifications and experience

- Master of Business Administration, Finance (UoN);
- Bachelor of Commerce, Accounting (UoN)
- Certified Public Accountant of Kenya, CPA(K)
- Membership: Institute of Certified Public Accountants of Kenya, ICPAK; M/No. 5605
- Certified Professional Mediator
- Position: Chairperson upto May 2025
- Age: 59 Years
- Date of Appointment: 6th April 2023

Rephah Mumbua Kitavi



- Master of Science, Finance and Investment (KEMU)
- Bachelor of Arts, Economics, First Class Honours (KU)
- Certified Public Accountant of Kenya, CPA (K)
- Membership: Institute of Certified Public Accountants of Kenya, ICPAK; M/No.11437
- Position: Chairperson from May 2025

Kibwana K. Mataka



- Masters in Business Administration, Strategic Management (UoN)
- Bachelor of Arts, Geography and Government.
- Post graduate diploma in Human Resource Management.
- Certified Human Resource Professional, Kenya (CHRPK)
- Certified Public Secretaries (Part I).
- Member of Institute of Human Resource Management.
- Member of Kenya Institute of Management
- Position: Member
- Age: 55 Years
- Date of Appointment: 6th April 2023

Bernard H. Amadi



- Master's in Business Administration, Strategic Management. (UoN)
- Post graduate diploma in Human Resource Management.
- Bachelor of Education Arts, Economics and Geography. (Moi University)
- Certified Human Resource Professional, Kenya (CHRPK)
- Member of Institute of Human Resource Management. Registration No. 02616
- Position: Member
- Age: 49 Years
- Date of Appointment: 6th April 2023

Lily C. Langat



- Master of Business Administration (Moi University)
- Master of Arts, Environmental Studies (On going)
- Bachelor of Science, Horticulture (JKUAT)
- Position: Member
- Age: 48 Years
- Date of Appointment: 6th April 2023

Mary Mkamburi



- Master of Science in Procurement and Logistics (JKUAT)
- Bachelor of Purchasing and Supplies Management (JKUAT)
- Post Graduate Diploma in Purchasing and Supplies Management (KIM)
- Post Graduate Diploma in Procurement and Supply(CIPS)
- Licensed Practitioner and Member, Kenya Institute of Supplies Management (KISM)
- Position: Member
- Age: 50 Years
- Date of Appointment: 6th April 2023

Yulia Hagayoye



- Master of Business Administration, Finance (UoN);
- Bachelor of Commerce, Finance (UoN)
- Certified Public Accountant of Kenya, CPA(K)
- Membership: Institute of Certified Public Accountants of Kenya, ICPAK; M/No. 10977
- Diploma in Banking
- Position: Member
- Age: 46 Years
- Date of Appointment: 6th April 2023

Stephen K. Njonjo



- Master of Business Administration, Finance (Daystar University)
- Bachelor of Commerce, Finance (Kabarak University)
- Certified Public Accountant of Kenya, CPA(K)
- Membership: Institute of Certified Public Accountants of Kenya, ICPAK; M/No. 21390
- Position: Fund Accountant
- Age: 40 Years
- Date of Appointment: 6th April 2023

Agnes M. Mwangi



- Bachelor of Business Management, Human Resource Management Option (Mount Kenya University)
- Certified Human Resource Professional, Kenya (CHRPK)
- Member, institute of Human Resource Management (Registration No. 08914)
- Diploma in Business Management (KIM)
- Full Secretarial Qualification
- Position: Secretary
- Age: 51 Years
- Date of Appointment: 6th April 2023

Fund Bankers

Kenya Commercial BANK




National Bank of Kenya



4. Management Team




The Funds are managed by the Management Committee and administered by KCB for the Mortgage Scheme and NBK for the Car Loan Scheme.




During the period ended 30th June 2025, the following was the management team who oversaw operations of the Agriculture and Food Authority.




Ref	Management	Details
1.	<p>Dr. Bruno Linyiru, OGW</p>  <p>Director General</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Doctor of Philosophy (Entrepreneurship) (JKUAT) • Master of Business Administration (UON) • Bachelor of Commerce (Accounting Option) UON • Member of ICPAK <p>The DG is responsible for the strategic direction and the day-to-day management of the Authority. He oversees the exercise, discharge and performance of Authority's objectives, functions and duties, and the general administration. The Director General is also the Secretary to the Board of the Authority</p>
2.	<p>Grace Kyallo</p>  <p>Director Miraa, Fibre Crops Directorate</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • MSc in Horticulture, UON, Kenya • BSc in Horticulture, Egerton University, Kenya • Management of Agriculture Extension Programs by Devolved government at JICA Kansai, Japan • Postharvest Technology certificate, UC Davis, California, USA <p>Director Miraa Pyrethrum, Fibre and Other Industrial Crops Directorate is responsible for administration of the Crops Act in relation to relevant schedule crops and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>


<p>3.</p>	<p style="text-align: center;">Felix Mutwiri</p>  <p style="text-align: center;">Director Coffee Directorate</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Masters in Project Planning and Management (UoN, Nairobi) • Bachelors of Science in Agriculture Economics (Egerton University) • Member, Society of Crop Agribusiness Advisors of Kenya (SOCAA) <p>Director Coffee Directorate is responsible for the Administration of the Crops Act, 2013 and its subsidiary legislation in relation to the Coffee Industry and to promote best practices in, and regulate the production, processing, marketing, transportation and warehousing of the same.</p>
<p>4.</p>	<p style="text-align: center;">Christine Chesaro Yebei</p>  <p style="text-align: center;">Director Horticulture Crops Directorate</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Masters in International Relations, • Bachelor of Arts in French & History, • Post Graduate Diploma in Public Relations Management • Member, Public Relations Society of Kenya <p>The Director HCD is responsible for administration of the Crops Act in relation to Horticultural Crops and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
<p>5.</p>	<p style="text-align: center;">Jude Chesire</p>  <p style="text-align: center;">Ag. Director Sugar Directorate up to 31st December 2024</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • LLB degree (Moi University) • Post Graduate Diploma in Law. • Advocate of the High Court of Kenya <p>Responsible for administration of the Crops Act in relation to Sugar Crop development, promotion and regulation. The Directorate promotes best practices in regulating the production, processing, marketing, grading, storage, collection, transportation and warehousing of the sugar crops and their products</p>

<p>6.</p>	<p>Calistus Kudu Efukho</p>  <p>Director Food Crops Directorate</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Agricultural Science, University of Tsukuba, Japan • Bachelor of Science in Horticulture, Egerton University • Member of Japanese Society for Horticultural Science <p>The Director Food Crops Directorate is responsible for administration of the Crops Act in relation to Food Crops and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
<p>7.</p>	<p>Benjamin Tito</p>  <p>Director Miraa, Pyrethrum, and Other Industrial Crops Directorate</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • MSc in Agricultural Production Chains Management, (Horticulture Chains), Van Hall Larenstein University of Applied Sciences, The Netherlands. • BSc in Horticulture, Jomo Kenyatta University of Science and Technology, Kenya • Diploma in Horticulture, Jomo Kenyatta University of Science and Technology • Certificate in One Health (University of Copenhagen, Denmark) and Food safety training (International Food Protection Training Institute, USA) Certificate in One Health (University of Copenhagen, Denmark) and Food safety training (International Food Protection Training Institute, USA) <p>The Director is responsible for administration of the Crops Act in relation to Miraa, Pyrethrum, and Other Industrial Crops Directorate to promote best practices in and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same.</p>

<p>8.</p>	<p>Anne W. Gikonyo</p>  <p>Director NOCD</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • MBA, University of Nairobi (UoN), Kenya • BA Economics, University of Bombay, India • Certificate in Agricultural Marketing System (University of Missouri –USA) • Member, Marketing Society of Kenya <p>The Director NOCD is responsible for administration of the Crops Act in relation to Nuts and Oil Crops and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
<p>9.</p>	<p>CPA Joseph W. Muigai</p>  <p>Director Finance up to May 2025</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Business Administration, Finance (UoN); • Bachelor of Commerce, Accounting (UoN) • Certified Public Accountant of Kenya, CPA(K) • Membership: ICPAK; M/No. 5605 <p>The Director Finance is responsible for Financial Accounting, Financial Management and Financial Reporting</p>
<p>10.</p>	<p>CPA Rephah Mumbua Kitavi</p>  <p>Director Finance</p>	<p>Qualifications and Membership to a Professional Body</p> <p>Master of Science, Finance and Investment (KEMU) Bachelor of Arts, Economics, First Class Honours (KU) Certified Public Accountant of Kenya, CPA (K) Membership: ICPAK; M/No. 11437</p> <p>The Director Finance is responsible for Financial Accounting, Financial Management and Financial Reporting.</p>

<p>11.</p>	<p>Sylvia J. Chemjor</p>  <p>Deputy Director Planning, Strategy and Risk</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Business Administration, Finance -UoN • BSc. Agriculture Economics -Egerton University • Member of Kenya Institute of Management - KIM <p>The Deputy Director of Planning, Strategy and Enterprise Risk Management is responsible for the Authority’s performance management monitoring and evaluation, enterprise risk and database management.</p>
<p>12.</p>	<p>Isaac C. Meto</p>  <p>Director Internal Audit</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Executive Master of Business Administration, • Bachelor of Commerce (Accounting). • Member of Institute of Internal Auditors. <p>The Director Internal Audit is responsible for assuring Management and the Board that internal control systems are in place and working and that the risk management framework is working in light of management awareness of risks and mitigation measures thereof.</p>
<p>13.</p>	<p>Kibwana K. Mataka</p>  <p>Director HR&A</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Masters in Business Administration, Strategic Management • Post graduate diploma in Human Resource Management • Bachelor of Arts, Geography and Government • Member, Institute of Human Resource Management and Kenya Institute of Management <p>The Director Human Resource Development is responsible for the Human resource recruitment, development and among others and general administration</p>

<p>14.</p>	<p>Tricxie A. Ogembo</p>  <p>Assistant Director Corporate Communications up to May 2025</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Science in Project Management (JKUAT) • Bachelor Degree in Agribusiness Management (Egerton University) • Diploma in Farm Management (Egerton University) • Member African Association of Agricultural economists • Member Society of Crop Agribusiness Advisors • Member of Kenya Association of Project Managers <p>The Deputy Director Corporate Communication is responsible for managing Corporate Communications at AFA</p>
<p>15.</p>	<p>Trizer Wawuda Mwanyika</p>  <p>Deputy Director Corporate Communications as at 30th June 2025</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Science in Mass Communications • Bachelor of Science in Communications and Public Relations • Diploma in Mass Communications • Member, Public Relations Society of Kenya • Member, Women in Public Relations, Kenya • Member, Association of Media Women in Kenya <p>The Director Corporate Communication is responsible for managing Corporate Communications at AFA</p>
<p>16.</p>	<p>Mary Mkamburi</p>  <p>Deputy Director SCM</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none"> • Master of Science in Procurement and Logistics (JKUAT) • Bachelor of Purchasing and Supplies Management (JKUAT) • Post Graduate Diploma in Purchasing and Supplies Management (KIM) • Post Graduate Diploma in Procurement and Supply(CIPS) • Licensed Practitioner and Member, Kenya Institute of Supplies Management (KISM) • Member, Chartered Institute of Procurement and Supplies (CIPS) <p>The Deputy Director Supply Chain Management is responsible for Supply Chain and Procurement and Disposal of unserviceable assets of the Authority</p>

<p>17.</p>	<p>Winfred Mbithe</p>  <p>Deputy Director ICT</p>	<p>Qualifications and Membership to a Professional Body</p> <ul style="list-style-type: none">• Master of Science (MSC) in ICT Policy and Regulation (JKUAT)• Bachelor of Science (BSc) Information Technology (JKUAT)• Member of Information Systems Audit and Control Association (ISACA), Computer Society of Kenya, CSK <p>The Deputy Director-ICT is responsible for Driving the Digital agenda of the Agriculture and Food Authority (AFA)</p>
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5. Chairperson's Report

The Scheme was formerly instituted in the year 2017. A Mortgage and Car Loan Policy was developed to provide a framework upon which the scheme was implemented. The framework outlines the internal Management and Governance structures for the Fund and the bank process for the applications

The Schemes are outsourced and are therefore not administered from within. Both banks (KCB for Mortgage Loans and NBK for Car Loans) have appointed contact persons who act as account managers and to whom the staff can reach out for further assistance after internal approval for their applications.

Both Schemes are cash backed, which means that the Authority has deposited money with the banks for ease of administering the funds and disbursement to staff. As at the end of Financial Year 2024/2025, the Mortgage Scheme Fund balance was KShs. 514.857 million compared to KShs. 636.133 million at the end of FY 2023/2024.

During the financial year 2024/2025, two (2) employees benefited from the Mortgage Scheme by a total of KShs. 10.3 million. There were applications for car loans during the year under review. This dismal performance may be attributed to low ability of staff to repay as well as the stringent requirements to access the loans. More publicity is required to upscale the uptake of the facilities


.....

CPA Rephah M. Kitavi

Fund Chairperson

6. Report of the Fund Manager/ Administrator

The Scheme administration function is under the Fund Administration Committee. This is because the scheme is not registered as an entity on its own separate from Agriculture and Food Authority. The Management of AFA therefore has been an overall oversight role on the schemes activities.

The Car Loan scheme was inherited from the former Tea Board of Kenya which was well before the Salaries and Remuneration Commission issued their circular ref; SRC/ADM/CIR./1/13 Vol.II (128) of 17th December 2014. Following the issuance of the SRC circular, the Car Loan Scheme was modified appropriately to adapt the interest rate prescribed by SRC.

The fund bankers are KCB Bank for the Mortgage Scheme and NBK for the Car Loan Scheme. The Authority is in the process of formalizing the governance structure of the schemes to conform with the requirements.

7. Statement of Performance against Predetermined Objectives

Introduction

The Salaries and Remuneration Commission vide Circular No. SRC/ADM/1/13 VOL.III/ (128) dated 17th December, 2014, set out guidelines for the Car Loan and Mortgage schemes for State Officer and other Public Officers of the Government of Kenya. In the circular, the Commission gave specific guidelines on:

- The Scope and Eligibility
- Commencement date – which was 1st January, 2015
- Implementation and Administration of the Benefits
- Financing
- Thresholds per each category of staff
- Interest charged
- Duration and termination of the schemes in terms of repayment periods once dispersed to staff i.e. 20 years for Mortgages and 5 years for car loans.

This then formed the basis upon which the Agriculture and Food Authority developed its mortgage and car loan schemes, which were outsourced through memoranda of understanding with the Kenya Commercial Bank (Mortgage) and the National Bank of Kenya (Car Loan).

Performance of the Schemes

During the Financial year 2024/2025 two (2) employees benefited from the Mortgage scheme amounting to loan disbursements of KShs. 10.3 million. Two members of staff applied for a car loan which was issued by the bank backed by funds deposited by AFA amounting to KShs. 4.37 million during the financial year. However, from inception in 2017, 31 staff have benefited from the Mortgage Scheme while 5 staff have benefitted from the Car Loan Scheme.

NOTE: The Mortgage and Car Loan Schemes are not listed as strategic initiatives in the Authority's Strategic Plan 2023-2027 or as targets in the Authority's Performance Contract, but have been incorporated as part of staff benefits in the Authority's Human Resource and Procedures Manual

8. Corporate Governance Statement

The Mortgage and Car Loan Scheme Fund is not a registered Fund. It therefore does not have a Board of Trustees. The Fund is administered by a committee appointed by the Authority for purposes of overseeing the management of the fund and facilitating the processing of staff applications for loans.

The applications are few in any financial year. In the year under review, only two applications for mortgage were processed. Subsequently, there were two applications for car loan in that period. This limits the necessity for regular meetings considering that there are very few transactions involving the Fund.

The main transactions affecting the Fund are loan repayments which are on check-off basis. There has not been any issues raised on this matter.

In the year under review, the Committee held two meetings that were attended by more than 70% of the members each.

9. Management Discussion and Analysis

The results of the Agriculture and Food Authority Mortgage and Car Loan Fund for the year ended 30th June, 2025 are set out on page 1 and 5 herein.

It is observed that the staff uptake is low, and this is associated with the ability and terms of engagement of staff. Most staff who are Permanent and pensionable terms are aging while the younger employees are on temporary terms of engagement. With the receipt of the approved Human Resource Instruments, it is envisioned that a good number of these challenges will be addressed,

a) Entity's Key Projects or Investments Decision Implemented or Ongoing.

The Authority did not have a project or investment during the financial year

b) Fund's Compliance with Statutory Requirements

Agriculture and Food Authority is regulated by various laws and regulations; AFA is committed to ensuring that we have complied with all the laws and regulations governing government entities.

Financial reporting – Section 84 of the PFM Act (2012) The administrator of a public fund established by the Constitution, an Act of Parliament or Entity legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board. Not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared under this section to the Auditor -General.

Agriculture and Food Authority Mortgage Scheme and Car Loan Fund complied with these requirements and submitted the reports within the stipulated timelines

c) Major Risks Facing the Fund, Material Arrears in Statutory and Other Financial Obligations

The Management has highlighted major risks facing the fund as follows: -

- Exit of Sugar Directorate as per Kenya Sugar Board of Kenya Act 2024 and expected subsequent apportionment of the Scheme and beneficiaries.
- Pending active separation bills in the floor of the house
- Difficulty in developing budget expected to be utilized in the year especially determining staff uptake of the fund
- Exposure to credit and liquidity risks where staff exit the Authority or due to lack of replenishment of the fund by the sponsor
- Unpredictability of changes in the business environment due to change in Government policy and guidelines that govern sponsored schemes

10. Environmental and Sustainability Reporting

During the period under review, the Fund did not undertake any Environmental and Sustainability actions. However, in the subsequent years, the fund plans to undertake staff capacity building to elicit interest and increase uptake of the fund by the staff of the Authority,

Arising from the receipt of Approved Human Resource Policy Instruments, management intends to roll out elaborate strategies ranging from translations of terms of services, salary reviews and recruitment of younger employees so as to address the low uptake.

11. Report of the Trustees/ Fund Administration Committee

The Trustees/Fund Administration Committee submit the annual report and financial statements for the year ended June 30, 2025, which show the state of the Fund affairs.

Principal activities

The principal activity of the fund is to offer affordable mortgage and car loan for the staff.

Objectives of the Mortgage and Car Loan Schemes

The objective of the Mortgage and Car Loan Schemes is to enable the Authority to attract, engage and retain competent talents in the labour market that will help the Authority achieve its mandate of developing, promoting and regulating scheduled crops. The primary objective is to provide staff with affordable house loans to enable them to acquire their own homes, in line with the Big Four Agenda Pillar on Affordable Housing and also to enable them purchase motor vehicles at reasonable rates for those who qualify also at the thresholds as prescribed by the SRC

Performance

The results of the Agriculture and Food Authority fund for the year ended June 30, 2025 are set out on page 1 to 5 herein.

During the year under review, the fund received revenue of KShs. 2.878 million from interest income from unutilized funds. The fund assets stood at KShs. 514.857 million as at the end of the year under review.


Trustees

The members of the Administration Committee who served during the year are shown on page vii above

Auditors

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

By Order of the Committee

.....

CPA Rephah M. Kitavi

Fund Chairperson

12. Statement of Management’s Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by *the PFM Act 2012* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the fund;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025 and of the Fund’s financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

Agriculture and Food Authority Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on **28th August 2025** and signed on its behalf by:


.....

CPA Stephen K. Njonjo

Fund Accountant

ICPAK M/No: 21390

Date


.....

CPA Rephah M. Kitavi

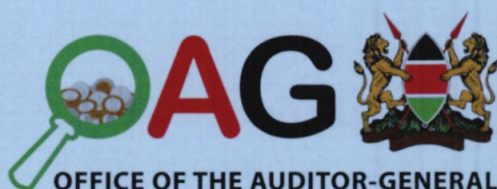
Fund Chairperson

ICPAK M/No: 11437

Date 9/12/2025

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON AGRICULTURE FOOD AUTHORITY (AFA) CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Agriculture Food Authority (AFA) Car Loan and Mortgage Fund set out on pages 1 to 20, which comprise of the statement

Report of the Auditor-General on Agriculture Food Authority (AFA) Car Loan and Mortgage Fund for the year ended 30 June, 2025

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Agriculture Food Authority (AFA) Car Loan and Mortgage Fund at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Cash and Cash Equivalent

The statement of financial position reflects a cash and cash equivalent balance of Kshs.383,379,221 as at 30 June, 2025 and a comparative balance of Kshs.495,865,646. The comparative balance of Kshs.495,865,646 was re-stated from prior year audited balance of Kshs.384,444,877 leading to unreconciled balance of Kshs.111,420,769 which was not supported with documentary evidence.

In the circumstances, the accuracy and completeness of opening cash and cash equivalents balance of Kshs.495,865,646 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern 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 audit report of the previous year, several issues were raised under Report on the Financial Statements, Emphasis of Matter, Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below:-

1. Irregular Cash Security Deposits for Unsecured Personal Loan
2. Unutilized Bank Deposits

Other Information

The Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Entity Information and Management, The Fund Administration Committee, Management Team, Chairperson's Report, The Report of the Administrator, Statement of Performance Against Pre-Determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON 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, except for the effect(s) of the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Operation of Multiple Accounts for Similar Loan Types

Review of the Authority's mortgage and car loan accounts, revealed that the organization holds 8(eight) accounts for similar types of loans within the same bank. These were: - two (2) separate car loan accounts, two (2) mortgage accounts, and four (4) unsecured personal loan accounts with the following balances; -

Details	Purpose	Balance (Kshs)
NBK Unsecured Personal Loan - 1	Unsecured Personal Loan	1,158,219
NBK Unsecured Personal Loan - 2	Unsecured Personal Loan	59,160,000
NBK Unsecured Personal Loan - 3	Unsecured Personal Loan	1,029,928
NBK Unsecured Personal Loan - 4	Unsecured Personal Loan	34,290,000
	Total	95,638,147
KCB Mortgage-1	Mortgage	6,690,700
KCB Mortgage-2	Mortgage	231,012,874
	Total	237,703,574
NBK Car Loan-1	Car Loan	4,840,297
NBK Car Loan-2	Car Loan	45,197,203
	Total	50,037,500
	Grand Total	383,379,221

The existence of multiple accounts for the same purpose may lead to inefficient management, increased administrative costs, and complexities in monitoring and repayment schedules. The existence of accounts deemed ultra vires to the law presents legal challenges for all parties creating and operating such accounts.

In circumstances, the effectiveness of internal controls to safeguard the 11 (eleven) bank accounts could not be confirmed.

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 Fund Administration Committee

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

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

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

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

The Fund Administration committee are responsible for overseeing Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

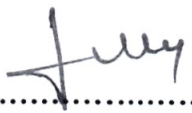
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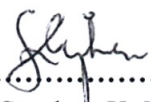
14. Statement of Financial Performance for The Year Ended 30th June 2025.


Description	Note	2024-25	2023-24
		Kshs.	Kshs.
Revenue			
Revenue from exchange transactions			
Interest income from staff mortgage and car loan	6	2,878,814	4,301,322
Interest received from bank balances			
Total revenue from exchange transactions		2,878,814	4,301,322
Expenses			
Bank charges	7	5,116	1,295
Total expenses		5,116	1,295
Surplus/(deficit) before tax		2,873,698	4,300,027
Taxation		-	-
Surplus/Deficit after Tax		2,873,698	4,300,027

The notes set out on pages 6 to 18 form an integral part of these Financial Statements.

The financial statements were approved on 28th August 2025 by:


.....
Dr. Bruno Linyiru, OGW
Director General


.....
CPA Stephen K. Njonjo
Fund Accountant
ICPAK M/No: 21390


.....
CPA Rephah M. Kitavi
Fund Chairperson
ICPAK M/No: 11437

Date 9/12/2025.....

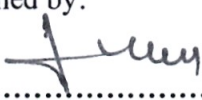
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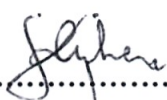
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15. Statement of Financial Position as at 30th June 2025

Description	Note	2024-25	2023-24
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	383,379,221	495,865,646
Receivables from exchange transactions			
Total Current Assets		383,379,221	495,865,646
Non-current assets			
Longterm Receivables	9	131,478,103	140,267,494
		131,478,103	140,267,494
Total assets		514,857,324	636,133,140
Liabilities			
Total Current Liabilities		-	
Total liabilities		-	
Net Assets		514,857,324	636,133,140
Fund	10	511,983,626	631,833,113
Surplus for the year		2,873,698	4,300,027
Total net assets and liabilities		514,857,324	636,133,140

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th August 2025 and signed by:


.....
Dr. Bruno Linyiru, OGW
Director General


.....
CPA Stephen K. Njonjo
Fund Accountant
ICPAK M/No: 21390


.....
CPA Rephah M. Kitavi
Fund Chairperson
ICPAK M/No: 11437

Date 9/12/2025
.....

Date 9/12/2025
.....

Date 9/12/2025
.....

16. Statement of Changes in Net Assets for the Year Ended 30th June 2025

Description	Mortgage and Car Loan Fund
	Kshs.
Balance as at 1 July 2023	732,918,970
TBK Mortgage Adjustment	(109,667,987)
Surplus Adjustment	(240,050)
Surplus/(deficit) for the period	4,300,027
Fund Adjustment	8,822,179
As at 30 June 2024	636,133,140
Balance as at 1 July 2024	636,133,140
Transfer of car loan to KSB	(124,149,513)
Surplus/(deficit) for the period	2,873,698
As at 30 June 2025	514,857,324

Accumulated Surplus – This is created from prior years’ surplus of the fund and is used to strengthen the liquid resources of the scheme.

The opening balance of KShs 636,133,140 was adjusted as follows;

- Transfers to KSB KShs 124,149,513 relates to the transfers of the car loan funds and personal loans contributed by the former Sugar Directorate which transited to Kenya Sugar Board after the enactment of the KSB Act 2024.
- KShs 2,873,698 being surplus realised from interest on deposits earned less the bank charges for the year 2024/25.

17. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024-25	2023-24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest income on mortgage and car loan	6	2,878,814	4,301,322
Total receipts		2,878,814	4,301,322
Payments			
Bank charges	7	5,116	1,295
Total payments		5,116	1,295
Surplus		2,873,698	4,300,027
Adjustment of Surplus		-	(240,050)
(Increase)/Decrease in receivables	9	8,789,391	25,900,822
Net cash flow from operating activities		11,663,089	29,960,800
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Transfer to KSB		(124,149,513)	(109,667,987)
Net cash flows used in financing activities		(124,149,513)	(109,667,987)
Net increase/(decrease) in cash and cash equivalents		(112,486,425)	(79,707,187)
Cash and cash equivalents at 1 July		495,865,646	575,572,833
Cash and cash equivalents at 30 June	10	383,379,221	495,865,646

Transfers to KSB relates to the transfers of the car loan funds of KShs 124,149,513 contributed by the former Sugar Directorate which transited to Kenya Sugar Board after the enactment of the KSB Act 2024.

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
Revenue						
Interest from mortgage & car loan	4,500,000	-	4,500,000	2,878,814	- 1,621,186	-36.03%
Total Revenue	4,500,000	-	4,500,000	2,878,814	- 1,621,186	-36.03%
Expenses						
Bank charges	6,000	-	6,000	5,116	884	14.73%
Expenditure	6,000	-	6,000	5,116	884	14.73%
Surplus for the period	4,494,000	-	4,494,000	2,873,698	- 1,622,070	

The budget of interest of Kshs 4.5 million for car loan and mortgage fund was budgeted in Agriculture and Food Authority budget under the investment income vote

19. Notes to the Financial Statements

1. General Information

The Agriculture and Food Authority is established by and derives its authority and accountability from Agriculture and Food Authority and Crops Act 2013. AFA is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to develop, regulate and promote all scheduled crops as provided in the Crops Act 2013.

The scheme was established by the former Sugar Board of Kenya. The scheme was enhanced by AFA injecting funds in the FY 2018/2019.

2. Statement of Compliance and Basis of Preparation

The Schemes financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS)

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost unless stated otherwise

The cash flow statement is prepared using the direct method, the financial statements re prepared on accrual basis.

3. Adoption of New and Revised Standards

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2024.

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>IPSAS 43 may have an impact on the operating leases of the Authority and this may therefore mean the Authority will adopt for proper presentation of leases in the financial Statements</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>IPSAS 44 may have an impact on the operations of the Authority and may therefore be applicable in the future</p>

<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>IPSAS 45 may have an impact on Property, Plant and Equipment (PPE) the of the Authority and this may therefore mean the Authority will adopt for proper presentation of PPE in the financial Statements</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>IPSAS 46 may have an impact on the operations of the Authority and may therefore be applicable in the future</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>IPSAS 47 will replace IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. The IPSAS is applicable to revenues collected by the Authority and therefore will affect the presentation of revenues in the future</p>

<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. IPSAS 48 is relevant to the Authority as AFA receive funding from the exchequer. Transfers from the exchequer may have an impact on the cashflows of the Authority and may therefore relevant to provide useful information to users</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. IPSAS 49 may not have a direct impact on the operations of the Authority and may therefore not applicable in the future. Yes the Authority has retirement benefits but the services for administration have been outsourced from various providers</p>

The stated standards will not have impact on the operations of the Agriculture and Food Authority Car loan/Mortgage fund

iii. Early adoption of standards

Agriculture and Food Authority Car loan/Mortgage fund did not early – adopt any new or amended standards.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

The scheme did not report on Revenue from non-exchange transactions

ii) Revenue from exchange transactions

Interest income

The scheme recognizes revenues from interest income on bank balances when the event occurs and the asset recognition criteria are met. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

b. Budget information

The budget for the fund was budgeted in Agriculture and Food Authority budget under the investment income vote

c. Financial instruments

1) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The fund assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

2) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

d. 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.

e. 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f. Nature and purpose of reserves

The fund creates and maintains reserves in terms of specific requirements. The fund accumulated surplus is used to strengthen the liquid resources of the Authority

g. Changes in accounting policies and estimates

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

h. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i. Related parties

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

j. Cash and cash equivalents

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

k. Comparative figures

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

l. Events after the reporting period

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

m. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

Notes to the Financial Statements

6. Interest income from staff mortgage, personal and car loan unutilized fund balance

Description	2024/25	2023/24
	Kshs.	Kshs.
Interest Income From Mortgage Loans	2,804,773	2,632,716
Interest Personal Loans	74,041	835,927
Interest Income From Car Loans	-	832,679
Total Interest Income	2,878,814	4,301,322

This includes interest earned from unutilised cash and cash balances

7. Bank charges

Description	2024/25	2023/24
	Kshs.	Kshs.
Bank Charges	5,116	1,295
Total	5,116	1,295

8. Cash and cash equivalents

Description	2024/25	2023/24
	Kshs.	Kshs.
KCB Mortgage Account	237,703,574	225,479,686
NBK Personal Loans Account	95,638,147	201,753,129
NBK Car Loan Account	50,037,500	68,632,831
Total Cash and Cash Equivalents	383,379,221	495,865,646

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account No	2024-25 Amount in KShs 000
A. Current Account		
Kenya Commercial Bank	MMI714569486	231,012,874.00
Kenya Commercial Bank	1112738320	6,690,700.00
National Bank of Kenya Car Loan	01098000544300	45,197,203.00
National Bank of Kenya Car Loan	01098000544308	4,840,297.00
National Bank of Kenya UPL	01098000544309	1,158,219.00
National Bank of Kenya UPL	01098000544307	59,160,000.00
National Bank of Kenya UPL	01098000544303	1,029,928.00
National Bank of Kenya UPL	01098000544305	34,290,000.00
TOTAL		383,379,221.00

9. Receivables from non- exchange transactions

Description	2024/25	2023/24
	Kshs.	Kshs.
Long Term receivables from staff mortgage	131,478,103	140,267,494
Total Non- Current Receivables	131,478,103	140,267,494

Long term receivables relate staff mortgage loans disbursed and is being recovered

Ageing analysis for Current Receivables

Description	2024/2025		2023/2024	
	KShs	% of the total	KShs	% of the total
Less than 1 year	5,776,337	4%	14,270,744	10%
Between 1- 2 years	27,762,263	21%	12,843,669	9%
Between 2-3 years	18,986,818	15%	11,559,302	8%
Over 3 years	78,952,685	60%	101,593,778	72%
Total (a+b)	130,843,262	100.00%	140,267,494	100.00%

10. Net Assets

Description	2024/25	2023/24
	Kshs.	Kshs.
Balance brought forward	636,133,140	732,918,970
Fund Balance Adjustment	-	8,822,179
Surplus Adjustment	-	(240,050)
Surplus for the Period	-	4,300,027.00
Fund Balance Adjustment Adjustments	-	-
Transfer out from Staff mortgage and car loan	(124,149,513)	(109,667,987)
Total Net Assets	511,983,626	636,133,140

Other Disclosures

11. Financial risk management

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

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

a) Credit risk

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

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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)
REPORT OF FINANCIAL STATEMENTS				
	<p>Unsupported Re-Stated Cash and Cash Equivalent Balance</p> <p>The statement of financial position reflects a cash and cash equivalent balance of Kshs. 495,865,646 as at 30 June 2024 and a comparative balance of Kshs. 575,572,833. The comparative balance of Kshs. 575,572,833 was restated from the prior year audited balance of Kshs. 384,444,877 leading to unreconciled balance of Kshs. 191,127,956</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.575,572,833 could not be confirmed.</p>	<p>The Authority restated the balance of cash and cash equivalent for the period ending 30th June 2023 and disclosed the same under Note 8 to the AFA Car Loan and Mortgage Annual Report and Financial Statements for the period ended 30th June 2024</p> <p>i. By recognizing the amount of Kshs 8,822,178.75 after the confirmation of the bank balance as at 30th June 2023 as per the attached bank certificate – 1a (b).</p> <p>ii. The AFA scheme is cash backed and not a revolving fund. A cash backed scheme is where cash is used to provide collateral to access a facility from a financial institution. Therefore, the Authority adjusted the cash and cash equivalent as at 30th June 2023 to reflect the deposit of KShs 67,800,153 for the car loan fund and of KShs 200,917,202 for the personal loan.</p> <p>Schedule of cash and cash equivalents as restated is as follows;</p>	Resolved	N/A

		<table border="1"> <thead> <tr> <th>Cash and Cash Analysis</th> <th>Restated FY 2022-23</th> </tr> </thead> <tbody> <tr> <td>KCB Mortgage- MMI714569486</td> <td>298,033,300</td> </tr> <tr> <td>KCB Mortgage- MMI714569487</td> <td>8,822,179</td> </tr> <tr> <td>NBK- Car Loan- 01098000544300</td> <td>44,877,500</td> </tr> <tr> <td>NBK- Car Loan- 01098000544302</td> <td>17,762,653</td> </tr> <tr> <td>NBK- Car Loan- 01098000544308</td> <td>5,160,000</td> </tr> <tr> <td>NBK- UPL- 01098000544309</td> <td>1,081,014</td> </tr> <tr> <td>NBK- UPL- 01098000544303</td> <td>961,274</td> </tr> <tr> <td>NBK- UPL- 01098000544301</td> <td>21,729,136</td> </tr> <tr> <td>NBK- UPL- 01098000544307</td> <td>59,160,000</td> </tr> <tr> <td>NBK- UPL- 01098000544305</td> <td>34,290,000</td> </tr> <tr> <td>NBK- UPL- 01098000544304</td> <td>83,695,777</td> </tr> <tr> <td>Total cash and cash equivalents</td> <td>575,572,833</td> </tr> </tbody> </table>		Cash and Cash Analysis	Restated FY 2022-23	KCB Mortgage- MMI714569486	298,033,300	KCB Mortgage- MMI714569487	8,822,179	NBK- Car Loan- 01098000544300	44,877,500	NBK- Car Loan- 01098000544302	17,762,653	NBK- Car Loan- 01098000544308	5,160,000	NBK- UPL- 01098000544309	1,081,014	NBK- UPL- 01098000544303	961,274	NBK- UPL- 01098000544301	21,729,136	NBK- UPL- 01098000544307	59,160,000	NBK- UPL- 01098000544305	34,290,000	NBK- UPL- 01098000544304	83,695,777	Total cash and cash equivalents	575,572,833		
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REPORT OF LAWFULNESS AND EFFECTIVENESS OF USE OF PUBLIC RESOURCES																															
1	<p>Irregular Cash Security Deposits for Unsecured Personal Loan Accounts</p> <p>The Authority maintains deposits in six (6) bank accounts with a commercial with a balance as at 30 June, 2024 of Kshs 201,753,128. Management explained that the balances were serving as security for unsecured personal loan (UPL) accounts. This is in contravention of Salaries and Remuneration Commission (SRC) of the directive in circular SRC/ADM/CIR/1/13 Vol.III (128). In exercising its constitutional mandate under Article 230 of the Constitution and Section 13 of the Salaries and Remuneration Commission Act, 2011, set guidelines which</p>	<p>The Authority commenced operations on 1st August 2014 through amalgamation of the predecessor Regulatory Boards.</p> <p>The Unsecured Personal Loan was a facility offered by NBK to the former Tea Board of Kenya with the amounts deposited in NBK as a security for the loan to be issued to the staff. The Authority continued with the same but has since brought it to an end.</p>	Not Resolved	July 2026																											

*AFA Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025*

	<p>only limit loan benefits to Car Loan and Mortgage for State and Public Officers in Kenya. The existence of the unsecured personal loan account constitutes a breach of these legal requirements.</p> <p>In addition, the details of the personal loans extended to the staff and running balance for each of the staff loan account was not provided for audit.</p> <p>In circumstances, the existence of unsecured personal loan accounts signifies non-compliance with established employee benefit policies and effectively represents indirect cash withdrawals without proper recourse or protection in case of default to the Fund.</p>	<p>Management has communicated to staff that the facility will no longer be available and is being wound down by recovering the loans already issued without issuing fresh ones.</p>		
2	<p>Unutilized bank Deposits</p> <p>The Statement of financial position reflects a net asset balance of Kshs 636,133,140, representing the fund balance. However only Kshs 140,267,494 representing 22% has been utilized for staff facilities, in line with the Funds intended purpose, while the remaining Kshs 495,865,546 representing 78% is held in non-interest bearing accounts.</p> <p>Additionally, the three (3) accounts have consistently reported identical balances at the end of each financial year indicating that the totals balance of Kshs 177,145,777 are held in dormant accounts or the funds have been held for undisclosed purposes.</p> <p>The unutilized non- interest bearing balance of Ksh 495,865,546 represent a missed opportunity for earning significant interest income, which could have been achieved reliably by investing in government securities on offer throughout years under review.</p> <p>In circumstance the value for money for unutilized funds could not be confirmed.</p>	<p>The structure of the agreement with the bank is unutilized funds attract interest. This has consistently been paid and in 2023-2024 FY an amount of Kshs 4,301,322 has been disclosed as interest income under Note 6 to the statement of financial performance (page 1).</p> <p>The management has embarked on a review of the administration of the funds to reflect a more need-based staff facility. The management will also embark on financial management sensitization for staff.</p> <p>The government has also in recent years continued to increase statutory deductions on the staff payslips and therefore reduce the margin to accommodate loan installments.</p> <p>The Kshs. 177,145,777 is part of the personal loan security contribution the unsecured loans both totaling to Kshs 201,753,129 as disclosed as a note under the statement of financial position as at 30th June 2024. The security amounts have not been added since the original contribution.</p> <p>The personal loans have been stopped by the management as per the attached memo.</p>	Not Resolved	July 2026

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Operation of Multiple Accounts for Similar Loan Types

Review of the Authority's mortgage and car loan accounts revealed that the organization holds 11 (eleven) accounts for similar types of loans within the same bank. These were:- three (3) separate car loan accounts, two (2) mortgage accounts, and six (6) unsecured personal loan accounts with the following balances: -

Details	Purpose	Balance (Kshs)
NBK Unsecured Personal Loan-1	Unsecured Personal Loan	83,695,777
NBK Unsecured Personal Loan-2	Unsecured Personal Loan	59,160,000
NBK Unsecured Personal Loan-3	Unsecured Personal Loan	34,290,000
NBK Unsecured Personal Loan-4	Unsecured Personal Loan	22,493,245
NBK Unsecured Personal Loan-5	Unsecured Personal Loan	1,119,028
NBK Unsecured Personal Loan-6	Unsecured Personal Loan	995,078
	Total	201,753,128
KCB Mortgage-1	Mortgage	218,037,900
KCB Mortgage-2	Mortgage	7,441,787
	Total	225,479,686
NBK Car Loan-1	Car Loan	49,267,304
NBK Car Loan-2	Car Loan	18,595,331
NBK Car Loan-3	Car Loan	770,196
	Total	68,632,831
	Grand Total	495,865,645

The existence of multiple accounts for the same purpose may lead to inefficient management, increased administrative costs, and complexities in monitoring and repayment schedules. The existence of accounts deemed

The AFA Act 2013 Section 11 (3) and The Crops Act 2013 recognize a level of autonomy for the directorates under Agriculture and Food Authority, thus each of the directorates maintain separate bank accounts. The contribution of each directorate regarding the car loan and mortgage scheme was reflected in the different bank accounts. The purpose for each of the accounts is as follows.

Details	Balance (Kshs)	Bank Details	Purpose
NBK Unsecured Personal Loan-1	83,695,777	Sugar Directorate NBK- UPL-0109800054 4304	This is the utilization account for personal loan deposit for Sugar Directorate.
NBK Unsecured Personal Loan-2	59,160,000	Horticultural Crops Directorate NBK- UPL-0109800054 4307	This is the utilization account for personal loan deposit for Horticultural Crops Directorate.
NBK Unsecured Personal Loan-3	34,290,000	Coffee Directorate NBK- UPL-0109800054 4305	This is the utilization account for personal loan deposit for Coffee Directorate.

*AFA Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025*

<p>ultra vires to the law presents legal challenges for all parties creating and operating such accounts. In the circumstances, the effectiveness of internal controls to safeguard the 11 (eleven) bank accounts could not be confirmed.</p>	<p>NBK Unsecured Personal Loan-4</p>	<p>22,493,245</p>	<p>Sugar Directorate NBK- UPL- 0109800054 4301</p>	<p>This is the main fund account for personal loan deposit for the Sugar Directorate.</p>		
	<p>NBK Unsecured Personal Loan-5</p>	<p>1,119,028</p>	<p>HCD Directorate NBK- UPL- 0109800054 4309</p>	<p>This is the main fund account for personal loan deposit for the HCD Directorate.</p>		
	<p>NBK Unsecured Personal Loan-6</p>	<p>995,078</p>	<p>Coffee Directorate NBK- UPL- 0109800054 4303</p>	<p>This is the main fund account for personal loan deposit for the Coffee Directorate.</p>		
		<p>201,753,128</p>				
	<p>KCB Mortgage-1</p>	<p>218,037,900</p>	<p>AFA KCB Mortgage- 1112738320</p>	<p>This is AFA's main fund account for the mortgage account. It is a fixed deposit fund which is not for transactional purposes.</p>		
	<p>KCB Mortgage-2</p>	<p>7,441,787</p>		<p>This is AFA's transactional account for the</p>		

*AFA Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025*

			AFA KCB Mortgage- MMI714569 486	mortgage, loan disbursements, loan recoveries and interest earned on quarterly basis are transacted before the funds are transferred to the main fund account.		
		225,479,686				
	NBK Car Loan-1	49,267,304	Coffee Directorate NBK- Car Loan- 0109800054 4300	This is the main fund account for the car loan fund for the Coffee Directorate.		
	NBK Car Loan-2	18,595,331	Sugar Directorate NBK- Car Loan- 7717161206	This is the main fund account for the car loan fund for the Sugar Directorate. The account is a fixed deposit account.		
	NBK Car Loan- 3	770,196	Coffee Directorate NBK- Car Loan- 0109800054 4308	This is the utilization account for the car loan fund for Coffee Directorate.		
		68,632,831				

AFA Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 2025

		Total Balance	495,865,645				
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CPA Rephah M. Kitavi *Rmumbua.*
Chairperson
ICPAK M/No: 11437 **Date.....***9/12/2025*