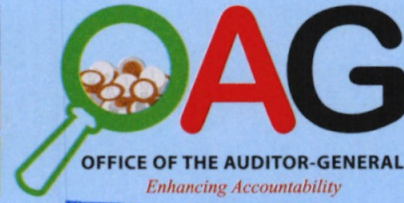



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT DATE: 19 NOV 2025 DAY.	
TABLED BY:	[Redacted]
CLERK-AT THE-TABLE:	[Redacted]

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REPORT


OF

THE AUDITOR-GENERAL

ON

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

FOR THE YEAR ENDED 30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 DEC 2025 DAY. Tuesday	
TABLED BY:	Hon. Naomi Sills, MP Deputy Majority Whip
CLERK-AT THE-TABLE:	Benson Inzoga



**THE COMMISSION ON
ADMINISTRATIVE JUSTICE**
(Office of the Ombudsman)



Hata Mnyonge ana Haki

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

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)

**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN
FUND**

Annual Report and Financial Statements For the year ended 30th June 2025

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Annual Report and Financial Statements For the year ended 30th June 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

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

A. Definition of Key Terms

Fiduciary management- Members of management entrusted directly with the responsibility and trust for the fund's financial resources.

Comparative Year –Financial year 2023/2024

2. Key Fund information and management

a) Background information

The Commission on Administrative Justice Mortgage and Car Loan Fund is established pursuant to the Civil Servants Housing Scheme Fund (Amendment) Regulations 2015, Salaries and Remuneration Commission Circulars referenced; SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014; SRC/ADM/CIR/1/13 VOL III (130) of 29th January, 2015 and SRC/ADM/CIR/1/13 VOL III (142) of 25th August 2015 all of which set and advised on the establishment of Mortgage and Car loan schemes for both state and other public officers. The Fund is wholly owned by the Commission on Administrative Justice and is domiciled in Kenya. The Commission operationalized the mortgage scheme through internal guidelines approved by the Commission in 2019.

b) Principal Activities

The objective of the Fund is to provide loan facility for purchase and development of residential houses; and purchase of motor vehicles for personal use by members of the scheme.

The principal activity of the Fund is to administer a mortgage and car loan scheme for members of staff to access loan facilities for purchase and development of residential houses; and purchase of motor vehicles for personal use. The Fund Administrator oversees the operations of the Fund. The Fund Administration Committee which is charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans and supervising the day-to-day operations of the Fund.

The key objectives of the Commission on Administrative Justice Mortgage and Car loan fund are to:

- a) Provide loan facility for purchase and development of residential houses.
- b) Provide loan facility for purchase of motor vehicles for personal use.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

c) Fund Administration Committee

The Fund Administration Committee members who held office during the financial year ended 30th June 2025 were:

No	Position	Name
1	Chairperson	Mr. Daniel Karomo
2	Vice Chairperson	Ms. Viola Ochola
3	Member	Ms. Florence Mumbi
4	Member	Mr. Benard Nyariki
5	Member	Ms. Jennifer Wawuda
6	Member	Mr. Adan Mohamed
7	Secretary	Ms. Christine Omollo

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

Key Fund and Information Management (Continued)

d) Key Management

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

No	Position	Name
1	Fund Administrator	Mercy Wambua, OGW
2	Fund Committee Chairperson	Mr. Daniel Karomo
3	Fund Secretary	Ms. Christine Omollo

e) Fiduciary Oversight Arrangements

The Commission has put in place an Audit Committee through which it oversees the Secretariat. The Audit Committee is chaired by a member who is not an employee of the Commission with one Commissioner as a member. Members of the Audit Committee who held office during the financial year ended 30th June 2025 for fiduciary oversight were:

No	Position	Name
1	Chairperson	David Mwangi Gichimu
2	Member	Hon. Charles Kanyi
3	Member	Sarah Barasa
4	Member	Jane Karanja
5	Secretary	Amos Musundi

Meetings

Name	Number of meetings held	Number of meetings attended	% attendance
David Mwangi	3	3	100%
Commissioner Lucy Ndung'u	3	2	67%
Sarah Barasa	3	3	100%
Jane Karanja	3	3	100%
Amos Musundi	3	3	100%

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

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f) Registered Offices

P.O. Box 20414-00200

West End Towers

Opposite Aga Khan High School, off Waiyaki Way – Westlands

Nairobi, Kenya

g) Fund Contacts

West End Towers, 2nd Floor, Waiyaki way

P.O. Box 20414-00200 Nairobi, Kenya

Telephone - +254 -20-2270000/0800221349 (Toll free)

E-mail: info@ombudsman.go.ke

Website: www.ombudsman.go.ke

h) Fund Bankers

Cooperative Bank of Kenya Limited

Account Number: 01141588083600

Westlands Branch

P.O Box 66589-00800

Nairobi

i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mr. Daniel M. Karomo Chairman – Fund Administration Committee</p>	<p>Mr. Karomo is an accomplished public Administrator, with over thirty-one (31) years of practical experience in Administration, Public Policy formulation and Implementation, public financial management and Public Sector Reforms. He is the Director of Corporate Services, and Access to Information Officer at the Commission. He was instrumental in the operationalization of the Commission, where he spearheaded establishment of management control systems, resource mobilization and capacity building. He has served at in various capacities at senior management level, as an Ag. Commission Secretary/CEO at CAJ, Ag. Deputy Executive Director at the then Public Complaints Standing Committee, Director Finance and Administration at CAJ and Senior Deputy Secretary at the Ministry of Health where he contributed immensely to the health sector reforms. Mr. Karomo has championed reforms aimed to transform service delivery in the public sector, where he has served with distinction and integrity. He is a self-driven, result oriented transformational leader, who holds a Master's degree in Business Administration with a bias in entrepreneurship, Bachelor of Arts in Government and Public Administration as well as numerous certifications in corporate governance, Management, Public policy, public administration and strategic leadership. He is a Fellow and an Alumni of DANIDA Fellowship Centre and has mentored many seasoned public servants. Mr. Karomo is an active member of the African Association for Public Administration and Management (AAPAM).</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025



**Ms. Viola Ochola
Vice Chairperson – Fund
Administration Committee**

Ms. Viola Ochola is a Lawyer, an Advocate of the High Court of Kenya and a legal practitioner with administrative law, data governance, commercial law, human rights, and law reforms experience spanning over 17 years. She is a Certified Public Secretary, holds an MBA in Strategic Management and has extensive experience both in the public and private sector. She is an Open Government Leadership Fellow and a member of the Technical Committee on Open Government Partnership (Kenya Chapter) in her capacity as the Cluster Lead for the country's Access to Information Commitment. She is also a taskforce member of the Africa- Asia Artificial Intelligence Network.

She currently serves as the Director in Charge of Access to Information at the Commission on Administrative Justice (Office of the Ombudsman) where she oversees the implementation of the Access to Information Act, 2016 across Ministries, Departments, Agencies, County Governments and in relevant Private Sector entities.




**Ms. Florence Mumbi Kiawa
Member – Fund Administration
Committee**

Ms. Florence has over twenty (20) years of Legal, Governance and Leadership experience from both Private and Public Sector. She holds a Master of Laws Degree (LLM) from the University of Nairobi where she specialized in Public Finance and Financial Services Law, a Bachelor of Laws Degree (LLB) from the same university and a Post Graduate Diploma in Law from the Kenya School of Law (KSL). She is a Commissioner for Oaths and Notary public, a Certified Public Secretary of Kenya, an Accredited Governance Auditor and a member of both the Institute of Public Secretaries of Kenya and Law Society of Kenya in good professional standing. She is a seasoned Legal and Governance practitioner having worked at the

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

	<p>State Law Office and a State Corporation for over 14 (fourteen) years. She is a focused strategic leader following numerous trainings by the Kenya School of Government.</p>
 <p>Mr. Benard Nyariki Member – Fund Administration Committee</p>	<p>Mr. Benard Nyariki has over twenty (20) years of progressive work experience and a proven track record of performance in the public sector. He has a Master of Business Administration degree in Strategic Management from the University of Nairobi and a Bachelor of Commerce (Accounting option) from the University of Nairobi. Mr. Benard Nyariki is a Certified Public Accountant of Kenya (CPAK) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. He is currently an Assistant Director, Finance and Accounts and has previously held senior positions having joined the Commission as a Senior Accountant and risen to position of Finance Manager and now Assistant Director, Finance and Accounts. Mr. Benard Nyariki has previously worked with the University of Nairobi as an accountant where he was instrumental in fundraising through grant and/or research proposal writing that yielded donor funding to the University to support student academic programmes.</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025



Ms. Jennifer Wawuda
Member – Fund Administration
Committee

Jennifer Wawuda has over 18 years of progressive work experience (Supply chain) in the public sector. She holds a Masters MSC in procurement and Logistics from Jomo Kenyatta University and Technology, Degree in Business Administration (Management option) from St. Paul's University. Ms. Wawuda is a certified licensed member of the Kenya Institute and Supplies Management (MKISM) in good standing. Currently she's a Senior supply chain management officer and has previously worked at the Salaries and Remuneration Commission and sports Kenya. She is also passionate about leadership and counselling.



Mr. Adan Mohamed
Member – Fund Administration
Committee

Mr. Mohamed is a master's graduate in Commerce and Electronic Commerce from Deakin University - Australia and bachelor's degree holder in International Business Administration (Finance-Major) from U.S.I.U-Africa. Equally, he is a certified monitoring and evaluation professional and a member of the Evaluation Society of Kenya in good standing. Mohamed has over eleven years' experience in both private and public sectors in Kenya.



Ms. Christine Omollo
Secretary – Fund Administration
Committee

Ms. Christine Omollo is a seasoned HR practitioner with over 22 years of experience in management of the human resource function in various public institutions at management level. She is currently the Assistant Director, Human Resource & Administration at the Commission on Administrative Justice where she has been instrumental in re-organisation of the Commission's functions for a fit in the mandate and developing various human resource instruments to streamline the human resource function. She holds a Master's in Business Administration, A Bachelor's in Business Administration (HR option), A

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

	<p>postgraduate diploma in Management, and a higher diploma in human resource management. She is also a CHRP(K) graduate and a Member of the Institute of Human Resource Management.</p>
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COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025



Mr. Benard Nyariki
Assistant Director, Finance and
Accounts

Mr. Benard Nyariki has over twenty (20) years of progressive work experience and a proven track record of performance in the public sector. He has a Master of Business Administration degree in Strategic Management from the University of Nairobi and a Bachelor of Commerce (Accounting option) from the University of Nairobi. Mr. Benard Nyariki is a Certified Public Accountant of Kenya (CPAK) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. He is currently an Assistant Director, Finance and Accounts and has previously held senior positions having joined the Commission as a Senior Accountant and risen to position of Finance Manager and now Assistant Director, Finance and Accounts. Mr. Benard Nyariki has previously worked with the University of Nairobi as an accountant where he was instrumental in fundraising through grant and/or research proposal writing that yielded donor funding to the University to support student academic programmes.



Ms. Christine Omollo
Assistant Director, Human Resource
and Administration

Ms. Christine Omollo is a seasoned HR practitioner with over 22 years of experience in management of the human resource function in various public institutions at management level. She is currently the Assistant Director, Human Resource & Administration at the Commission on Administrative Justice where she has been instrumental in re-organisation of the Commission's functions for a fit in the mandate and developing various human resource instruments to streamline the human resource function. She holds a Master's in Business Administration, A Bachelor's in Business Administration (HR option), A post

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

	<p>graduate diploma in Management, and a higher diploma in human resource management. Ms. Omollo is a CHRP(K) graduate and a Member of the Institute of Human Resource Management.</p>
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COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

5. Chairman's Report

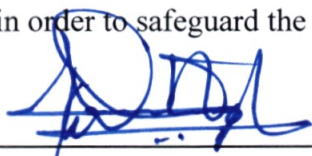
The Commission on Administrative Justice Staff Mortgage and Car Loan Fund, established in 2019 in line with the Government policy that aimed to enable public servants acquire dwelling houses at an affordable cost. The Fund is managed by the Fund Administration Committee, which is answerable to the Commission Secretary/CEO, who is the Fund Administrator. The Fund has grown since inception to Kenya shillings (186,250,000) One hundred eighty-six million two hundred and fifty thousand as at 30th June, 2025. It is worthwhile to note that due to financial constraints, the Fund did not receive budgetary allocation in the year under review. This is likely to affect the ability of the Fund to meet the demand for credit facility from the staff members.

In its endeavour to increase the uptake of the loan facility from the Fund, the Commission revised its interest rate from four per cent (4%) to three per cent (3%). This will make the loan facility more affordable and favourable to our staff members. Further, the Commission revised the agreement with the Fund Manager, Cooperative Bank and also the policy guidelines. This will go a long way towards improving the governance and management of the Fund. So far, a total of Kshs. (121,694,000) One hundred and twenty-one million, six hundred and ninety-four thousand have been disbursed as at 30th June, 2025.

During the period under review, three staff members benefitted from the Fund and a total of Kshs. (32,845,000) thirty-two million eight hundred forty five thousand was disbursed. The loan recovery remained impressive as all the loans were performing and repayments realized in total, amounting to Kshs. (7,847,676) seven million eight hundred forty seven thousand six hundred seventy-six. The Scheme is in tandem with the Bottom-Up Economic Transformation Plan of providing affordable housing to Kenyans.

I take this opportunity to appreciate the oversight role played by the Fund Administrator, the commitment by the members of the Fund Administration Committee, the Fund Secretariat and the Fund Manager. Your contribution made it possible to achieve the results presented in this report. I reiterate our resolve as the Fund Management Committee to exercise our fiduciary duty diligently, in order to safeguard the interests of the Fund.

Signed: _____



Date: _____

15/10/2025

D. M. Karomo

Chairperson, Fund Administration Committee

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

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6. Report of the Fund Administrator

The Commission on Administrative Justice places a premium on staff welfare, and appreciates the need to have a highly motivated human resource, for it to execute its mandate effectively. It is with this in mind that the Staff Mortgage and Car Loan Fund was established, to enable staff acquire residential houses and personal motor vehicles, which are key towards realization of individual goals, by providing access to low interest credit facilities. The Fund is subject to the provision of Section 84 (2) of the Public Finance Management Act, 2012, which requires preparation and submission of Annual report and Financial Statements on the performance of the Fund at the end of every Financial Year. I am therefore pleased to present the financial statements on the Staff Mortgage and Car Loan Fund for the year ended 30th June, 2025.

In order to ensure that the Fund is managed effectively, the Commission has appointed the Cooperative Bank of Kenya as the Fund Manager, who works closely with the Fund Administration Committee which reviews applications and makes recommendation to the Fund Administrator. It is worthwhile to note that since inception, twelve staff members have benefitted from the mortgage fund. This number is bound to increase once disbursement of funds for the nine applications submitted to the Fund Manager in the period under review is finalised.

I am pleased to note that the uptake for the mortgage facility has continued to grow and the number is bound to increase with the reduction of the interest rate to three per cent (3%). It is indeed encouraging to note that the beneficiaries of the scheme have continued to service their loans as scheduled, as demonstrated in the financial statements.

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAs) and represents a true and fair view of the state of affairs of the Fund, for the reporting period. As the Accounting Officer and Fund Administrator, I confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the financial statements. I also confirm that in preparing the financial statements, I have assessed the Fund's ability to continue as a going concern and nothing has come to my attention, to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Signed: 

Date: 15/10/2025

Mercy Wambua, OGW

Fund Administrator

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

7. Statement of Performance against Predetermined Objectives

Introduction

The Commission on Administrative Justice Mortgage and Car loan fund has the following strategic objectives within the FY2024-2025:

- a) Provide loan facility for purchase and development of residential houses.
- b) Provide loan facility for purchase of motor vehicles for personal use.

Progress on attainment of the fund's objectives

For purposes of implementing and cascading the above fund objectives to specific sectors, all the objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into fund outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

Below we provide the progress on attaining the stated objectives:

Fund name	Objective	Outcome	Indicator	Performance
CAJ Mortgage and Car loan fund	1.To provide loan facility for purchase and development of residential houses 2. To provide loan facility for purchase of private motor vehicles for personal use	1.Decent housing for staff 2. Ease of transport for CAJ staff to and from work.	1.No. of staff advanced the mortgage facility. 2.No. of staff advanced the car loan facility.	Three staff advanced mortgage facility. Nine applications have been processed and submitted to the Fund Manager for consideration in the period under review. In addition, has reviewed the policy documents to operationalize car loan Scheme.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

8. Corporate Governance Statement.

The Commission on Administrative Justice Mortgage and Car-loan Fund remains committed to the highest standards of corporate governance and professional ethics. Good corporate governance practices are essential to the delivery of services to the members of the public. The Fund ensures compliance with 2010 Constitution.

We believe that good corporate governance is critical to delivery of services at all levels of government. The Fund commits to its partners and stakeholder to adhere to the highest level of integrity and ethics in their dealings with members of the public.

Fund Administration Committee

The fund administration committee is appointed by the Commission Secretary/CEO.

The fund administration committee members who held office during the financial year ended 30th June 2025 were:

No	Position	Name
1	Chairperson	Mr. Daniel M. Karomo
2	Vice Chairperson	Ms. Viola Ochola
3	Member	Ms. Florence Mumbi
4	Member	Mr. Benard Nyariki
5	Member	Ms. Jennifer Wawuda
6	Member	Mr. Adan Mohamed
7	Secretary	Ms. Christine Omollo

Roles and Functions of the Administration Committee members

- a. Supervise and control the day to day administration of the Fund
- b. Determine and regulate interest payable by loanees
- c. Enter into agreement with persons or legal entities for the purposes of providing services to the Fund
- d. Develop an equitable criterion for the beneficiaries of the Fund;
- e. Establish management guidelines and engage such staff as may be necessary to assist the Committee and the officer administering the Fund; and
- f. Such other duty as may be directed by the Commission Secretary for the purposes of the proper management of the Fund.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

Attendance to Committee Meetings

The Fund Administration Committee is required to meet at least once every quarter depending on the needs of the business of the commission. During the year under review the Fund Administration Committee held twelve meetings and members' attendance is as shown below:

No	Name	No. of meetings held	No. of meetings attended	% Attendance
1	Mr. Daniel Karomo	12	12	100%
2	Ms. Viola Ochoa	12	2	17%
3	Ms. Florence Mumbi	12	11	92%
4	Mr. Benard Nyariki	12	11	92%
5	Ms. Jennifer Wawuda	12	12	100%
6	Mr. Adan Mohamed	12	8	67%
7	Ms. Christine Omollo	12	7	58%
8	Mr. Osman Mohamed	12	10	83%
9	Ms. Peggy Ngaira	12	5	42%

Ms. Viola Ochoa was appointed Vice Chairman of the Fund Management Committee, effective 26th February 2025, succeeding Mr. Osman Mohamed.

Ms. Peggy Ngaira was appointed Acting Secretary of the Fund Management Committee for the duration of Ms. Christine Omollo's absence.

Conflict of interest

The Fund Management Committee members are obligated to fully disclose any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Fund Administration Committee meetings prior to discussion of a substantive agenda. Staff are required to give advance notice of any conflict issues to the Chairperson of Fund Committee and these are considered during the meeting. Staff must refrain from discussion or voting on matters of potential conflict of interest.

Code of ethics and conduct

In line with section 3 of the Leadership and Integrity Act 2012, the Commission has implemented a Code of Ethics and Conducts which binds all officers of the Commission and is subscribed to by

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

all members of the Commission. The Code has been integrated into Commission's operations through the development of various policies, as well as monitoring and reporting framework. In addition, the commission has put in place ethics and integrity programs, to inculcate positive organization culture strong work ethics.

The Fund Administration Committee and employees are expected to uphold integrity and fairness, while executing their duties. Upon employment every employee ascribes to the Code of ethics and they are expected to abide by it.

Compliance with laws and regulations among others.

The Commission on Administrative Justice Mortgage and Car-loan Fund has met the applicable statutory and regulatory requirements spelt out in various laws and policy documents.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

9. Management Discussion and Analysis

- a) **Operational and financial performance of the Fund during the period.** The Scheme was established six (6) years ago and has cash inflows of Kshs 193,926,003 as reported in the period under review. The number of applicants who have shown interest in Mortgage and Car Loan facility has grown over time with the waiting list becoming bigger every day. There are 12 successful applications for mortgage amounting to Kshs. 121,694,000 as at the end of the period under review.

Performance for the periods 2019-2020 to 2024-2025.

	Mortgage	Car loan	Total
	Kshs	Kshs	Kshs
Exchequer Funding	155,000,000	31,250,000	186,250,000
Interest Earned	7,682,938	0	7,682,938
Total Inflows	162,682,938	31,250,000	193,932,938
Loan issued to successful applicants	121,694,000	0	121,694,000
Total Outflows	121,694,000	0	121,694,000
Net Inflows	40,988,938	31,250,000	72,238,938

The continued dwindling of the budgetary allocations from the Exchequer poses a strategic risk, given the expected upsurge on loan uptake, owing to the elaborate staff awareness campaigns that the Fund Administration Committee intends to roll out and the increasing staff establishment. To mitigate this risk, the Fund Administrator has put in place measures to ensure prompt loan recoveries hence, there is a great expectation that in future the scheme will be a self-sustaining revolving fund.

- b) **Fund's key projects or investments decision implemented or on-going:** The Commission has continued to invest in the mortgage and car loan schemes for the staff. This is intended to provide affordable housing for the staff while at the same time facilitating the staff to conveniently commute to and from work.
- c) **Fund's compliance with statutory requirements:** The fund complied with all its statutory and tax obligations in the implementation of its mandate. Further the fund

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

complied with all the necessary laws and regulations applicable in the management of the funds.

d) Risk management activities: The Fund has put in place risk management framework for risk identification and mitigation. Further it has embedded risk management in all its planning, execution, evaluation and business continuity arrangements. Some of the key risks facing the Fund include

i) Strategic Risks: These are risks that affect the ability to carry out the long-term goals and objectives of the fund due to inadequate funding.

ii) Compliance Risks: These are risks associated with non-compliance with applicable laws and regulations which could result in litigation and conflict of interest.

iii) Financial Risks: The risk of financial loss that may include ineffectiveness of internal controls, inadequate funding, inability to service the loans and delay in financial reporting due to reliance on third party financial information. The delayed funding may also result in the Commission's inability to fund all the applications hence delay in issuing loans and acquisition of the properties.

iv) Operational Risk: The risk of direct or indirect loss or inability to provide core services especially to stakeholders, resulting from inadequate or failed financial processes, resources and systems.

e) Financial Probity and Governance: To obtain assurance on compliance and prudence in the management of the Fund finances, the Fund Administrator causes books of accounts to be maintained and Annual Financial Statements prepared, which are subjected to both internal and external audit. The audit findings and recommendations enable the Commission to take corrective measure to address identified risks and deviations. This has ensured continuous improvement which strengthens the Fund's operations and management control.

10. Environmental and Sustainability Reporting

10.1 Sustainability Profile and Reporting

The Commission on Administrative Justice (CAJ) Mortgage and Car Loan Fund is accountable to its stakeholders, towards fulfilment of the objectives for which the Fund was established of enabling staff access affordable financing for acquiring homes and motor vehicles for personal use. This is in line with the Government Policy on housing, which is geared towards provision of affordable housing to the citizens. The Fund Administrator acknowledges the Fund's responsibility to the environment and to local communities in which we operate. We embrace responsibility for corporate actions to encourage a positive impact on the environment and the stakeholders, including but not limited to our citizens, employees, partners and neighbouring communities.

10.2 Environmental Performance

The Fund Administrator is of the view that, by the nature of its operations, the Fund has minimal impact on the environment. However, we acknowledge that there are inevitable environmental impacts associated with our daily operations in general. The Fund endeavours to minimize any harmful effects hence, it considers the development and implementation of environmental standards critical. To this end, we have strongly encouraged the internationally established 7Rs waste management principle, articulated in Kenya's National Solid Waste Management Strategy. This Principle advocates for Reducing; Rethinking; Refusing; Repairing, Refilling, Recycling and Reusing of waste.

10.3 Employee Welfare

The success and indeed survival of the Fund is largely dependent on our human capital (people). The Commission endeavours to recruit, develop, motivate and retain the best talent. Further, the Fund Administrator appreciates the need to inculcate among our employees the culture of being sensitive to matters of safety, security, society and the environment. This ensures that employees act with integrity and responsibility towards the people they deal with and the environment they interact with.

We train employees to value each other and have provided the necessary support systems, for employees with different needs. In addition, the Fund administrator has put in place systems that upholds cultural diversity, gender equity and equality. In recognition of these efforts, the Commission has been feted for the last three consecutive years, with the national Diversity and Inclusion Awards & Recognition (DIAR) Award, for the last three consecutive years.

10.4 Market Place Practises

The Fund Administrator has deliberately made it easier through pro-active disclosure of information on its website, for the wananchi to access information. This is in line with the Access to Information Act, which aims to promote information sharing. The information shared includes but not limited to career opportunities, list of registered suppliers, awarded tenders/contracts, disposal of assets and procurement plans.

10.5 Responsible Supply Chain and Supplier Relations

The Fund Administrator takes responsibility of ensuring that the Fund adheres to and adheres ethical business practices. In addition, the Commission ensures that suppliers know and meet their expectations, of responsible behaviour regarding issues such as fair pricing. The Commission screens and vets the suppliers engaged to conduct business with the Fund, to determine their suitability. Further, the Commission sensitizes them on their obligation and what is expected of them.

10.6 Responsible Marketing and Advertisement

The Fund is socially responsive in its marketing practices that foster a positive impact on all the stakeholders, including employees, citizens and the business community.

10.7 Community Engagements

The members of the Fund contributed and participated in legal clinics and were involved in in public awareness activities at the grassroots. The Commission provides services to the public free of charge.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2025

11 Report of the Fund Administration Committee

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

Principal activities

The principal activity of the Fund is to administer a mortgage and car loan scheme for members of staff to access loan facilities, for purchase and development of residential houses; and purchase of motor vehicles for personal use.

Performance

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

Fund administration Committee

The members of the Administration Committee who served during the year are shown on page iii.

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.

Signed: 

Date: 15/10/25

D. M. Karomo

Chairperson, Fund Administration Committee

12. Statement of Management's Responsibilities

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

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN 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.

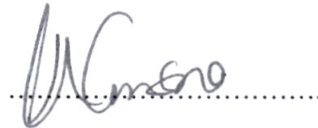
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Fund Administration Committee on 15/10/ 2025 and signed on its behalf by:



D. M. Karomo
Chairperson of the Fund



Mercy Wambua, OGW
Administrator of the Fund



Mackenzie Opiyo
Senior Accountant
ICPAK M/No. 10630

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN 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.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Commission on Administrative Justice Staff Mortgage and Car Loan Fund set out on pages 1 to 23, which comprise of

Report of the Auditor-General on the Commission on Administrative Justice Staff Mortgage and Car Loan Fund for the year ended 30 June, 2025

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Commission on Administrative Justice Staff Mortgage and Car Loan Fund as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission on Administrative Justice Staff Mortgage and Car Loan Fund 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 opinion.

Other Information

The Management is responsible for the Other Information set out on pages iv to xxix which comprise of Key Fund Information and Management, Fund Administration Committee, Management Team, Chairman's Report, Report of the Funds Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Report of the Fund's Administration Committee, and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that 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 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 effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unfair Clause in Memorandum of Understanding with Financial Institution

The audit review of accountable documents revealed that the Memorandum of Understanding with a financial institution was found to have unclear terms as read in Clause 8.4 and Item 2 on security under Schedule 2, which states that the Commission will at all times have funds equivalent to the loans advanced held as a deposit with the bank in an unutilized fund deposit account. Clause 8.4 imposed a further security cash cover requirement in addition to the existing first legal charge, and executed check-off undertakings. These provisions suggest an over-securitization of loans, which may not align with prudent financial management practices and could expose the Commission to unnecessary financial constraints.

In the circumstances, there was an overcommitment of funds that could be available for lending to more staff members.

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

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Fund Administration Committee

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

6 November, 2025

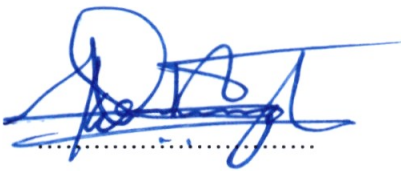
**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
LOAN FUND**
Annual Report and Financial Statements For the year ended 30th June 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from exchange transactions			
Interest Income	6	8,194,031	3,244,980
Other incomes	7	753,092	689,421
Total revenue		8,947,123	3,934,401
Expenses			
Use of goods and services	8	3,516,951	3,112,156
Total expenses		3,516,951	3,112,156
Surplus for the period		5,430,172	822,245

The notes set out on pages 6 to 24 form an integral part of these Financial Statements.

The Fund's financial statements were approved on 15/10/25 and signed by:



D. M. Karomo
Chairperson of the Fund



Mercy Wambua, OGW
Administrator of the Fund



Mackenzie Opiyo
Senior Accountant
ICPAK M/No. 10630

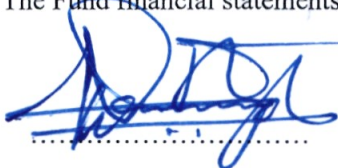
**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
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15. Statement of Financial Position as at 30th June 2025

Description		2024/2025 Kshs	2023/2024 Kshs
Assets			
Current assets			
Cash and cash equivalents	9	88,589,751	107,948,570
Receivable from exchange transaction	10	7,006,231	5,217,823
Total current assets		95,595,982	113,166,393
Non-current assets			
Receivable from exchange transaction	10	98,336,956	75,336,373
Total assets		193,932,938	188,502,766
REPRESENTED BY			
Mortgage & Car loan Revolving Fund	11	186,250,000	186,250,000
Reserves (Accumulated surplus)	12	7,682,938	2,252,766
TOTAL NET ASSETS AND LIABILITIES		193,932,938	188,502,766

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 15/10/2025 and signed by:



D. M. Karomo
Chairperson of the Fund



Mercy Wambua, OGW
Administrator of the Fund



Mackenzie Opiyo
Senior Accountant
ICPAK M/No. 10630

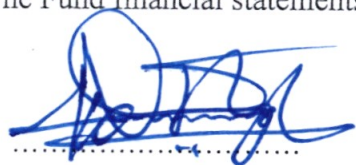
*Commission on Administrative Justice Mortgage and Car loan fund
Annual Report and Financial Statements For the year ended 30th June 2025*

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

Description	Mortgage Fund	Car Loan Fund	Accumulated Surplus	Total
	Kshs	Kshs	KShs	KShs
Balance as at 1 July 2023	150,000,000	26,250,000	1,430,521	177,680,521
Surplus/(deficit) for the period	-	-	822,245	822,245
Funds received during the year	5,000,000	5,000,000	-	10,000,000
Balance as at 30 June 2024	155,000,000	31,250,000	2,252,766	188,502,766
Balance as at 1 July 2024	155,000,000	31,250,000	2,252,766	188,502,766
Surplus for the period			5,430,172	5,430,172
Balance as at 30th June 2025	155,000,000	31,250,000	7,682,938	193,932,938

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 15/10/ 2025 and signed by:



D. M. Karomo
Chairperson of the Fund



Mercy Wambua, OGW
Administrator of the Fund



Mackenzie Okun
Senior Accountant
ICPAK M/No. 10630

*Commission on Administrative Justice Mortgage and Car loan fund
Annual Report and Financial Statements For the year ended 30th June 2025*

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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Net cash flow from operating activities	13	-19,358,819	4,238,399
Cash flows from investing activities		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Receipts into the mortgage revolving fund	11	0	5,000,000
Receipts into the car loan revolving fund	11	0	5,000,000
Net cash flows used in financing activities		0	10,000,000
Net increase/(decrease) in cash and cash equivalents		(19,358,819)	14,238,399
Cash and cash equivalents at 1 July	9	107,948,570	93,710,171
Cash and cash equivalents at 30 June	9	88,589,751	107,948,570

*Commission on Administrative Justice Mortgage and Car loan fund
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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	% Utilization
	2024/2025	2024/2025	2024/2025	2024/2025	2024/2025
Revenue	KShs	KShs	KShs	KShs	
Transfers from CAJ	0				100%
Interest on Housing Mortgage	3,510,782		3,510,782	3,510,782	100%
Income from Fire and life insurance	750,092		750,092	750,092	100%
Income from loan applications	3000		3000	3000	100%
Interest on bank balance	4,683,249		4,683,249	4,683,249	
Total income	8,947,123		8,947,123	8,947,123	100%
Expenses					
Fund administration expenses	3,516,951		3,516,951	3,516,951	100%
Revolving Fund					100%
Total expenditure	3,516,951		3,516,951	3,516,951	100%
Surplus for the period	5,430,172		5,430,172	5,430,172	

19. Notes to the Financial Statements

1. General Information

The Commissions on Administrative Justice Mortgage and car loan fund is established by and derives its authority and accountability from to Circulars referenced; SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014; SRC/ADM/CIR/1/13 VOL III (130) of 29th January, 2015 and SRC/ADM/CIR/1/13 VOL III (142) of 25th August 2015. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to administer a mortgage and car loan scheme for members of staff to access loan facilities for purchase and development of residential houses and purchase of motor vehicles for personal use.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
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3. Adoption Of New and Revised Standards

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

There are no new standards effective in the FY.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
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	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</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>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</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>

iii. Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and 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 shareholder's or the Entity's right to receive payments is established.

Rental income

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

Notes to the Financial Statements continued

I. Financial assets

Classification of financial assets

The Commission on Administrative Justice Staff Mortgage and Car Loan Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements continued

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Notes to the Financial Statements continued

I. Financial liabilities

Classification

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

a. 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.

b. 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.

c. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements and discloses it in the financial statements

d. 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.

Notes to the Financial Statements continued

e. 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.

f. 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 Fund Manager, Fund Administrator and Fund Administration Committee.

g. 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 Cooperative Bank Of Kenya at the end of the financial year.

h. Comparative figures

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

i. Events after the reporting period

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

j. Ultimate and Holding Fund

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

k. 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

b) Useful lives and residual values

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

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

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Notes to the Financial Statements cont.

6. Interest income

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Interest Income from Mortgage Loans	3,510,782	3,244,980
Interest Income on Bank Deposits	4,683,249	0
Total Interest Income	8,194,031	3,244,980

7. Other income

Description	2024/2025	2023/2024
	Kshs	KShs
Fire and Life Insurance Income	750,092	678,421
Income from loan applications	3,000	11,000
Total Other income	753,092	689,421

Please note 7 has been reinstated as evidence on figures reported for fire and life insurance income and other income reported in Comparative to Financial year 2023/2024 to conform to Prescribe format provided by PSASB.

8. Use of goods and services

Description	2024/2025	2023/2024
	Kshs	KShs
3% Interest administration cost	2,766,859	2,433,735
Fire & Life Insurance Expense	750,092	678,421
TOTAL	3,516,951	3,112,156

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9. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs	KShs
Mortgage and Car Loan account - Co-operative Bank of Kenya Ac no. 01141588083600	88,589,751	107,948,570
Total Cash and Cash equivalents	88,589,751	107,948,570

The detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	KShs
a) Current account			
Co-operative Bank – Ac no. 01141588083600		88,589,751	107,948,570
Grand total		88,589,751	107,948,570

10. Receivable from Exchange transactions.

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable	12,578		220,911	
Current Loan Repayment due	6,019,006		3,797,683	
Principal Receivable	974,647		1,199,229	
Total Current Receivables	7,006,231		5,217,823	
Non-Current Receivables				
Long Term Loan Repayments Due	98,336,956		75,336,373	
Total Non- Current Receivables	98,336,956		75,336,373	
Total Receivables	105,343,187		80,554,196	
Ageing analysis (receivable from exchange transactions)	2024-2025	%of total	2023-2024	%of total
Less than 1 year	7,006,231	7%	5,217,823	6%
Between 1-2 years	6,207,279	6%	3,952,406	5%
Between 2-3 years	6,402,068	6%	4,113,433	5%
Over 3 years	85,727,609	81%	67,270,534	84%
Total (tie to totals above)	105,343,187	100%	80,554,196	100%

Note: Receivable from exchange transactions has been reinstated from current portion principal from exchange transactions, unremitted of principal from fund account and interest receivable from fund account reported in Comparative Financial year 2023/2024 to conform to Prescribe format provided by PSASB.

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11. Revolving Fund

Revolving Fund	2024/2025	2023/2024
Description	KShs	KShs
Balance as at 1 July 2024	186,250,000	176,250,000
Mortgage Funds transferred from CAJ during the year	0	5,000,000
Car loan Funds transferred from CAJ during the year	0	5,000,000
Balance as at 30 June 2025	186,250,000	186,250,000

12. Accumulated Surplus

	2024/2025	2023/2024
Description	(KShs)	(KShs)
Surplus for year	2,252,766	1,430,521
Total accumulated surplus for year ended June 30, 2025	5,430,172	822,245
Total	7,682,938	2,252,766

13. Net cash flows from operating activities

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs.
Surplus/ (deficit) for the year before tax		5,430,172	822,245
Adjusted for:			
Working capital adjustments			
Increase receivable	5	-24,788,991	3,416,154
Net cash flow from operating activities		-19,358,819	4,238,399

Notes to the Financial Statements continued

14. 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 minimal 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.

The Fund Administration Committee 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 Administration Committee 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:

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Description	Total amount Kshs.	Fully perf ormi ng Kshs	Past due Kshs.	Impai red Kshs.
At 30 June 2025				
Receivables From Exchange Transactions- Car loans and mortgages	987,225	0	1,420,140	0
Receivables From Non-Exchange Transactions	98,336,956	0	75,336,333	0
Bank Balances	88,589,751	0	107,948,570	0
Total	187,913,932	0	184,705,043	0
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	1,420,140	0	1,183,504	0
Receivables From Non-Exchange Transactions	75,336,333	0	78,906,159	0
Bank Balances	107,948,570	0	93,710,171	0
Total	184,705,043	0	173,799,834	0

The Borrowers under the fully performing category are paying their debts as they continue servicing their outstanding loans on a monthly check-off basis. 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 mortgagees.

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.

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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.
At 30 June 2025	-	-	-	-
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Trade Payables	-	-	-	-
Total	-	-	-	-

c) Market risk

The Commission, which is the top organ charged with policy direction and oversight as 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.

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.

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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.

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	2023/2025
	Kshs.	Kshs.
Revolving fund	186,250,000	186,250,000
Accumulated surplus (<i>Reserves</i>)	7,682,938	2,252,766
Total funds	193,932,938	188,502,766
Less: cash and bank balances	88,589,751	107,948,570
Net debt/(excess cash and cash equivalents)	105,343,187	80,554,196
Gearing	54%	43%

14. 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 is related to the following entities:

- a) The National Treasury;
- b) The Commission on Administrative Justice;
- c) Fund Manager;
- d) Top Management;
- e) Salaries and Remuneration Commission
- f) State Department for the time being in charge of Public Service

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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	-	-
Total	-	-

15. Events after the Reporting Period

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

16. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of the Commission on Administrative Justice

17. Currency

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

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

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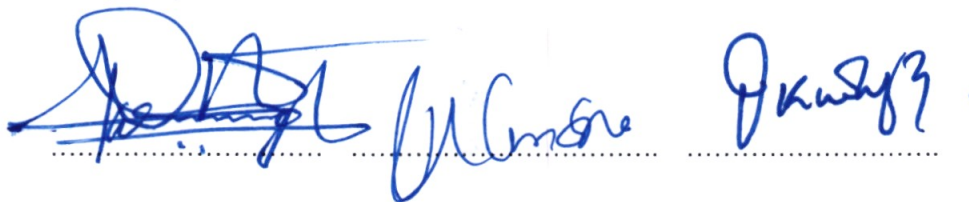
18. Annexes

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)
2324	Unresolved Prior Year Matters	The management was able to resolve all pending matters	Resolved	Resolved
2325	Lack of Interest Accrued on Unutilized Funds	The fund earned a net interest on unutilized funds of Ksh 4,683,249 as at the end of FY2024/2025	Resolved	Resolved

The fund got an unqualified (clean) audit opinion and therefore no major audit observations for the prior year.



D. M. Karomo
Chairperson of the Fund

Mercy Wambua, OGW
Administrator of the Fund

Mackenzie Okun
Senior Accountant

ICPAK M/No. 10630

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Annex II: Inter-Fund Confirmation Letter

Name of transferring entity: The Commission on Administrative Justice

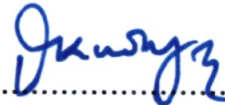
Name of beneficiary entity: Commission on Administrative Justice Staff Mortgage and Car Loan Fund

Confirmation of amounts received by Commission on Administrative Justice Staff Mortgage and Car Loan Fund as at 30th June 2025


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
-	-	-	-	-	
Total	-	-	-	-	

During the year under review there was no transfer because there was no budgetary allocation.

Head of Accounts Department - Disbursing Entity:

Name Maukencie Okun Sign  Date 15/10/25

Head of Accounts Department - Beneficiary Entity:

Name Mathew Takai Sign  Date 15/10/2025