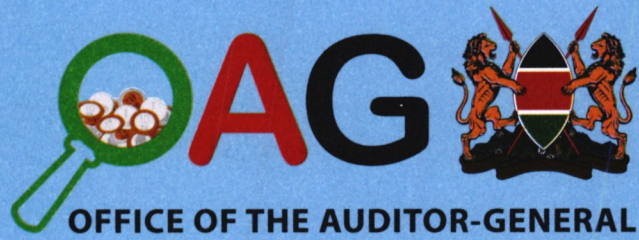


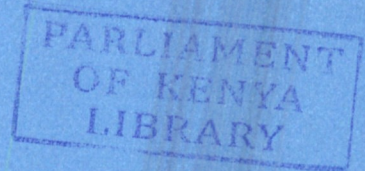
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 22 FEB 2024

DAY.

THURSDAY

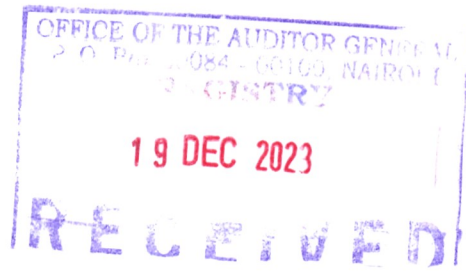
THE DEPUTY MAJORITY
LEADER
HON. OWEN BAYA

ANNE SHIBUKU



10





**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 2023**

**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 2023

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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 2023

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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 2023

1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And 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

B. Glossary of Terms

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

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

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 car loan and mortgage scheme through internal guidelines approved by the Commission in 2019.

b) Principal Activities

The fund's objective 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 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. 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 2023

c) Fund Administration Committee

The fund administration committee members who held office during the financial year ended 30th June 2023 were:

No	Position	Name
1	Chairperson	Mr. Dan Karomo
2	Vice Chairperson	Mr. Osman Adan Mohamed
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 2023

Key Fund and Information Management (Continued)

d) Key Management

The key management officers who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Position	Name
1	Fund Administrator	Mercy Wambua, OGW
2	Fund Chairperson	Mr. Dan 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 2023 for fiduciary oversight were:

No	Position	Name
1	Chairperson	David Mwangi Gichimu
2	Member	Sarah Barasa
3	Member	John O Matagaro
4	Member	Lucy Ndung'u, EBS
5	Member	Jane Karanja
6	Secretary	Amos Musundi

f) Registered Offices

P.O. Box 20414-00200

West End Towers

Opposite Aga Khan High School, off Waiyaki Way – Westlands

Nairobi, Kenya



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

Annual Report and Financial Statements For the year ended 30th June 2023

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

Independent Auditors

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

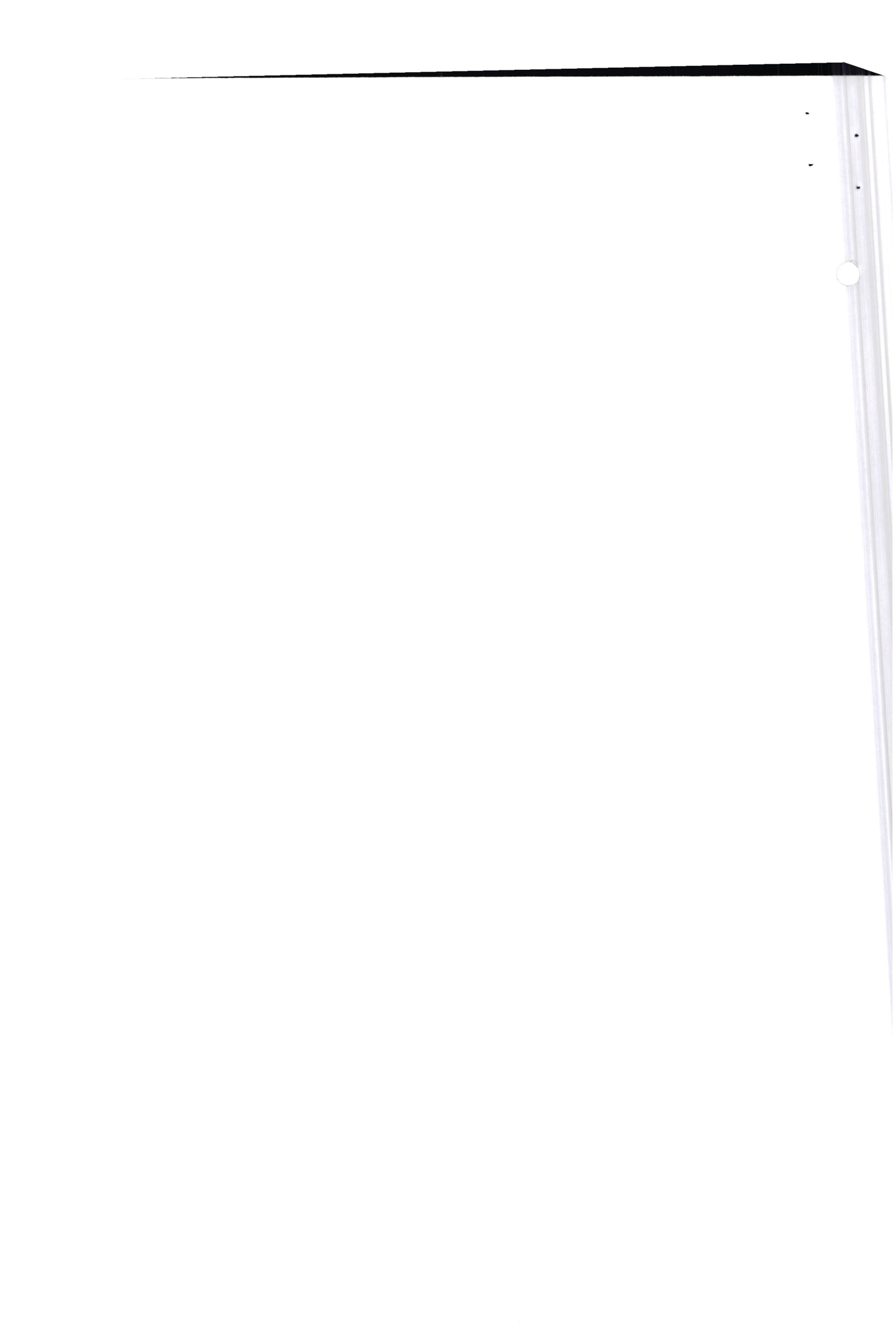
State Law Office and Department of Justice

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 2023

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mr. Daniel M. Karomo Chairman – Fund Administration Committee</p>	<p>Mr. Daniel .M. Karomo is an accomplished public Administrator, with over twenty-six (26) years' wealth of experience in Administration, Public Policy formulation and Implementation, public financial management and Public Sector Reforms. He is the Director of Corporate Services, and also the Access to Information Officer at the Commission. Mr. Karomo was instrumental in the operationalization of the Commission, where he spearheaded establishment of management control systems, resource mobilization and capacity building. He holds a Master's degree in Business Administration in Entrepreneurship, a Bachelor of Arts in Government and Public Administration as well as certification on Corporate governance, Management, Public policy and Public administration. He is an alumni of DANIDA Fellowship Center and a member of the African Association for Public Administration and Management (AAPAM).</p>
 <p>Mr. Osman Mohamed Vice Chairman – Fund Administration Committee</p>	<p>Mr. Osman Mohamed is a seasoned communications professional with public service experience in communications and management spanning over 16 years at the Parliament of Kenya and Wajir County Assembly. He is also certified trainer (TOT) by the United Nations Institute for Research and Training (UNITAR) based at Geneva, Switzerland and the Centre for Parliamentary Studies and Training (CPST) in Kenya.</p> <p>He also served as the founder Vice Chairman of the Society of Clerks in Kenyan Legislatures (SOCCATT-Kenya), an umbrella professional body for all the Clerks of 47 County Assemblies from 2013 to 2018.</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

	<p>He holds a Master of Arts degree in International Journalism from the University of Westminster, United Kingdom, Bachelor of Arts degree in Gender and Development Studies from Kenyatta University and Diploma in Journalism from the Kenya Institute of Mass Communication (KIMC).</p> <p>He is a member of the Public Relations Society of Kenya.</p>
<div data-bbox="164 728 523 1086" data-label="Image"> </div> <div data-bbox="156 1115 574 1216" data-label="Caption"> <p>Ms. Florence Mumbi Kiawa Member – Fund Administration Committee</p> </div>	<p>Ms. Florence has over eighteen (18) 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 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 has over eighteen (18) 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</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023



Mr. Benard Nyariki
Member – Fund Administration
Committee

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. Jennifer Wawuda
Member – Fund Administration
Committee

Jennifer Wawuda has over 15 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.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023



**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 ten 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 20 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 postgraduate diploma in Management, and a higher diploma in human resource management.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

4. Management Team

Name	Details of qualifications and experience
 <p>Ms. Mercy K. Wambua, OGW Fund Administrator</p>	<p>Ms. Wambua is the Commission Secretary/Chief Executive Officer effective March 3, 2022. She is an Advocate of the High Court of Kenya and a legal practitioner with administrative, law reforms, and human rights (gender and social justice) experience spanning over 18 years. She is a holder of a Postgraduate Degree, Master of Arts in Gender and Development Studies from the University of Nairobi. She is also a Certified Public Secretary.</p> <p>Prior to joining the Commission, she served as the Secretary/CEO of the Law Society of Kenya (LSK) from 1st March 2016 to 28th February 2022. During this period, she also served as the Secretary to the Advocates Disciplinary Committee. During her tenure, the Law Society of Kenya enhanced standards of professional practice and ethical conduct through close monitoring of advocates' compliance status, development of LSK Regulations, various practice guidelines, policies and enactment of a Code of Conduct to guide advocates in the Country. Before joining LSK, Ms. Wambua also served as the Deputy Legal Aid Programme Coordinator of the National Legal Aid Programme under the then Ministry of Justice, National Cohesion and Constitutional Affairs.</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023



**Mr. Daniel M. Karomo
Director, Corporate Services**

Mr. Daniel .M. Karomo is an accomplished public Administrator, with over twenty-six (26) years' wealth of experience in Administration, Public Policy formulation and Implementation, public financial management and Public Sector Reforms. He is the Director of Corporate Services, and also the Access to Information Officer at the Commission. Mr. Karomo was instrumental in the operationalization of the Commission, where he spearheaded establishment of management control systems, resource mobilization and capacity building. He holds a Master's degree in Business Administration in Entrepreneurship, a Bachelor of Arts in Government and Public Administration as well as certification on Corporate governance, Management, Public policy and Public administration. He is an alumni of DANIDA Fellowship Center and a member of the African Association for Public Administration and Management (AAPAM).




**Mr. Benard Nyariki
Assistant Director, Finance and
Accounts**

Mr. Benard Nyariki has over eighteen (18) 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

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

	<p>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>
 <p>Ms. Christine Omollo Assistant Director, Human Resource and Administration</p>	<p>Ms. Christine Omollo is a seasoned HR practitioner with over 20 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.</p> <p>She holds a Master's in Business Administration, A Bachelor's in Business Administration (HR option), A post graduate diploma in Management, and a higher diploma in human resource management.</p>

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

5. Chairman's Report

The Mortgage and Car Loan Fund for the Commission on Administrative Justice was established in 2019, with seed money amounting to Kenya shillings Fifty million. The Fund is managed by the Fund Administration Committee, whose members are appointed by the Commission secretary/CEO, who is the Fund Administrator. The Fund has grown over the period to Kenya shillings one hundred seventy-six million two hundred and fifty thousand as at 30th June, 2023. The Fund provides an opportunity for staff to access credit at an affordable cost of four per cent. It is indeed encouraging to note that as the Fund continued to grow, the uptake of the mortgage facility also grew. In the year under review, a total of Kenya shillings thirty-four million two hundred and ninety nine thousand was disbursed to four members of staff, as opposed to Kenya shillings ten million disbursed to only one member of staff in the previous 2021/22 fiscal year. The loan principal paid stood at Kenya shillings two million nine hundred eighty-three thousand five hundred seventy two as compared to Kenya shillings one million four hundred one thousand three hundred sixty three in the previous period (2021/22 FY) bringing the total of beneficiaries of the Fund to nine. The Fund Administration Committee will scale-up sensitization campaign, aimed to increase the uptake of the loan facility. The Scheme resonates well with the Government priority areas on providing affordable housing to Kenyans.

As at 30th June 2023. Kenya shillings eighty-eight million eight hundred forty nine thousand had been disbursed by the Fund Manager. It is worthwhile to note that the 2022/2023 FY budgetary allocation of Kenya shillings Twelve Million, two hundred and fifty was realized up to the end of the reporting period.

I take this opportunity to thank the National Treasury for the continued support to fully operationalize the Scheme, by allocating the much-needed funds. I appreciate the support and the advisory role played by the Fund Administrator, who has been keen on ensuring that the Fund realizes the objective for which it was established. I also thank the Fund Administration Committee members for their commitment and dedication towards realization of the Fund's objectives.

Signed:  _____

Date: 15/12/2023

D. M. Karomo

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

Chairperson, Fund Administration Committee

6. Report of the Fund Administrator

I am pleased to present the financial statements for the year ended 30th June 2023, in compliance with Section 84 (2) of the Public Finance Management Act, 2012. The objective of the Commission on Administrative Justice Mortgage and Car loan fund is to enable staff acquire residential houses, by providing access to low interest credit facilities to own residential homes and acquire personal motor vehicles to facilitate their transport to work. In order to ensure that staff get value for money, the Commission has established, partnership with the State Department for Housing, where our staff are offered an opportunity to acquire the low-cost houses constructed by the National Government through the State Department. I am pleased to note that the uptake for the mortgage facility increased to four in the period under review, compared to only one in the 2021/22 Financial Year.

The Commission has out-sourced services for the management of the funds, which are managed by the Cooperative Bank of Kenya to manage the Fund. It is worthwhile to note that since inception, Nine staff members have been benefitted from the Kitty. So far, a total of Kshs. Eighty Eight Million and Eight hundred and Forty Nine thousand have been disbursed as at 30th June 2023. It is encouraging to note that the beneficiaries of the scheme have continued to service their loans as scheduled, as demonstrated in the financial statements.

In order to ensure the Fund is managed effectively, the Commission maintained adequate financial management controls, to ensure compliance, transparency and accountability. The control measures included maintenance of proper accounting records, close liaison with the Fund Manager and ensuring proper maintenance of the books of accounts. It is encouraging to note that all the loanees have been servicing their obligations promptly.

The Commission appreciates the importance of financial reporting in accordance with the Constitution and the relevant statutes and the applicable accounting standards, in order to uphold Transparency and accountability In this regard, the financial Statement 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 period under review. As the Accounting

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

7. Statement of Performance Against Predetermined Objectives

Introduction

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives.

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.

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 1 Type text here	Performance
CAJ Mortgage and Car loan fund	To provide loan facility for purchase and development of residential houses; and purchase of motor vehicles for personal use	Decent housing for staff and ease of movement to and from work.	No of staff advanced loan facility to purchase residential houses and cars for personal use	In FY 2022/23 Four (4) staff members got the loan for purchase of residential houses.

8. Environmental And Sustainability Reporting

8.1 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 the sole purpose of acquiring homes and motor vehicles for personal use., in line with the Government Policy on the same. The Fund Administrator acknowledges the 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 existing communities.

8.2 Environmental Performance

The Fund Administrator believes that, by the nature of the Fund's operations it has minimal impact on the environment. However, we acknowledge that there are inevitable environmental impacts associated with our daily operations in general. The Fund aims to minimize any harmful effects and consider the development and implementation of environmental standards to be of great importance. As such, we strongly encourage the internationally established 7R waste management principle articulated in Kenya's National Solid Waste Management Strategy, which advocates for Reducing; Rethinking; Refusing; Repairing and Refilling of waste

8.3 Employee Welfare

The success and indeed survival of the Fund is largely dependent on our human capital (people). The Commission endeavours to recruit, retain, reward and develop the best talent. We recognise 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, provide necessary support systems for people with different needs and have a system in place that upholds cultural diversity. Further, we have embrace, uphold gender equity and equality. The Commission has offered employment

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

opportunities to people living with disability. The Commission has been making deliberate effort to promote equity and equality. In this regard, its resolve to embrace fairness and inclusivity acknowledged and the Commission has been awarded with the national Diversity and Inclusion Awards & Recognition (DIAR) Award, for the last three consecutive years

8.4 Market Place Practises

8.5 Responsible Supply Chain and Supplier Relations

The Fund Administrator takes responsibility of ensuring that the Fund adheres to and maintains good 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 engage to conduct business with the Fund, to determine their suitability.. Further, the Commission sensitizes them on their obligation what is expected of them.

8.6 Responsible Marketing and Advertisement

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

8.7 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.

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

9. Report of The Trustees/ Fund Administration Committee

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

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, 2023, is set out on page one (1).

Fund administrative 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: 15/12/2023 _____

D. M. Karomo

Chairperson, Fund Administration Committee

COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND

Annual Report and Financial Statements For the year ended 30th June 2023

10. 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, 2023. 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, 2023, 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 2023

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 15/12/ 2023 and signed on its behalf by:



Mercy Wambua, OGW
Administrator of the Fund



Benard Nyariki
Assistant Director – Finance & Accounts
ICPAK M/No. 9143



D. M. Karomo
Chairperson of the Fund

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR LOAN FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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 24, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial

Report of the Auditor-General on the Commission on Administrative Justice Staff Mortgage and Car Loan Fund for the year ended 30 June, 2023

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 the Commission on Administrative Justice Staff Mortgage and Car Loan Fund as at 30 June, 2023, 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 the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission on Administrative Justice Staff Mortgage and Car Loan Fund Management in accordance with ISSAI 130 on 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Idle Cash Balances

The statement of changes in net assets reflects fund receipts in the year of Kshs.12,250,000 into the revolving Fund. This resulted in fund closing balance of Kshs.177,680,521 as at 30 June, 2023. However, Kshs.93,710,171 of the total fund balance was held in cash indicative of 47% utilization of the fund. Management did not provide feasible explanations for the delays in disbursements of loans which denies the employees opportunity to own houses and vehicles as per the objectives of the establishment of the Fund.

In the circumstances, the envisaged objective of staff owning homes and vehicles has not been met due to delays in the loans disbursement.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 matters 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

1. Lack of Risk Management Policy and Disaster Management Policy

The Fund does not have an approved Risk Management Policy and Disaster Management Policy in place contrary to the provisions of Section 165(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the policies, strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks could not be confirmed.

2. Lack of Review of Internal Controls

Fund Management did not provide internal audit reports indicating lack of reviews of internal controls for year 2022/2023. Further, Management explained that they had only one officer in the audit unit until February, 2023 when two officers were brought on board but no appointment letters for the officers were provided for audit. This is contrary to Regulation 160(1)(b) and (c) of the Public Finance Management (National Government) Regulations, 2015, which requires the internal auditor to give reasonable assurance through the Audit Committee on the state of risk management control and governance within the organization and review the effectiveness of the financial and non-financial performance of management systems of the entity.

In the circumstances, effectiveness of the internal controls 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 Management and those Charged with Governance

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease its 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.

Those charged with governance are 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2023

**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
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Annual Report and Financial Statements For the year ended 30th June 2023

12. Statement of Financial Performance for the year ended 30th June 2023.

Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest on Housing mortgage	1	2,532,977	2,024,840
Fire and Life Insurance Income	2	471,012	312,752
Other income	3	5,000	1,000
Total revenue		3,008,989	2,338,592
Expenses			
Fund administration expenses	4	2,371,225	1,831,382
Total expenses		2,371,225	1,831,382
Surplus for the period		637,764	507,210

The notes set out on pages 6 to 23 form an integral part of these Financial Statements.

The Fund's financial statements were approved on 15/12/2023 and signed by:



.....
Mercy Wambua, OGW
Administrator of the Fund



.....
Benard Nyariki
**Assistant Director – Finance &
Accounts**
ICPAK M/No 9143



.....
D.M Karomo
Chairperson of the Fund

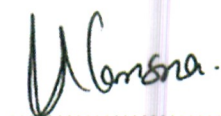
**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
LOAN FUND**
Annual Report and Financial Statements For the year ended 30th June 2023

13. Statement of Financial Position as at 30th June 2023

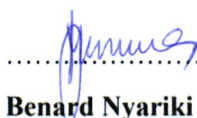
Description		2022/2023 Kshs	2021/2022 Kshs.
Assets			
Current assets			
Cash and cash equivalents	5	93,710,171	112,204,214
Current portion principal receivable from exchange transactions	6	3,880,687	2,283,390
Unremitted remittance of Principal from Fund Account.	7 a	981,028	1,305,820
Interest Receivable from Fund Account.	7 b	202,476	136,097
Total current assets		98,774,362	115,929,521
Non-current assets			
Long term Principal receivables	8	78,906,159	48,863,236
Total assets		177,680,521	164,792,757
REPRESENTED BY			
Mortgage & Car loan Revolving Fund	9	176,250,000	164,000,000
Reserves (Accumulated surplus)	10	1,430,521	792,757
TOTAL NET ASSETS AND LIABILITIES		177,680,521	164,792,757

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 15/12/ 2023 and signed by:



.....
Mercy Wambua, OGW
Administrator of the Fund



.....
Benard Nyariki
Assistant Director –
Finance & Accounts
ICPAK M/No 9143



.....
D.M. Karomo
Chairperson of the Fund

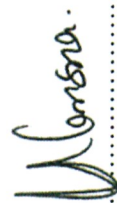
**Commission on Administrative Justice Mortgage and Car loan fund
Annual Report and Financial Statements For the year ended 30th June 2023**

14. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Mortgage Fund	Car Loan Fund	Accumulated Surplus	Total
	Kshs	Kshs	KShs	KShs
Balance as at 1 July 2021	110,000,000	22,000,000	285,547	132,285,547
Surplus/(deficit) for the period	-	-	507,210	507,210
Funds received during the year	30,000,000	2,000,000	-	32,000,000
Balance as at 30 June 2022	140,000,000	24,000,000	792,757	164,792,757
Balance as at 1 July 2022	140,000,000	24,000,000	792,757	164,792,757
Surplus/(deficit) for the period			637,764	637,764
Funds received during the year	10,000,000	2,250,000		12,250,000
Balance as at 30 June 2023	150,000,000	26,250,000	1,430,521	177,680,521

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 15/12/ 2023 and signed by:


.....
Mercy Wambua, OGW
Administrator of the Fund


.....
Bernard Nyariki
Assistant Director – Finance & Accounts


.....
D.M Karomo
Chairperson of the Fund

ICPAK M/No 9143

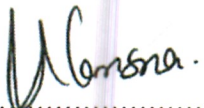
**Commission on Administrative Justice Mortgage and Car loan fund
Annual Report and Financial Statements For the year ended 30th June 2023**


15. Statement of Cash Flows for the year ended 30th June 2023


Description	Note	2022/23	2021/22
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest and Insurance Income	12	2,937,610	2,479,042
Other income	3	5,000	1,000
Total receipts		2,942,610	2,480,042
Payments			
Fund Administration Costs	4	2,371,225	1,831,382
Total payments		2,371,225	1,831,382
Net cash flow from operating activities		571,385	648,660
Cash flows from investing activities			
Proceeds from loan principal repayments	13	2,983,572	1,401,363
Loan disbursements paid out	11	(34,299,000)	(10,000,000)
Net cash flows used in investing activities		(31,315,428)	(8,598,637)
Cash flows from financing activities			
Receipts into the mortgage revolving fund	9	10,000,000	30,000,000
Receipts into the car loan revolving fund	9	2,250,000	2,000,000
Net cash flows used in financing activities		12,250,000	32,000,000
Net increase/(decrease) in cash and cash equivalents		(18,494,043)	24,050,023
Cash and cash equivalents at 1 July		112,204,214	88,154,191
Cash and cash equivalents at 30 June	5	93,710,171	112,204,214

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 15/12/2023 and signed by:


.....
Mercy Wambua, OGW
Administrator of the Fund


.....
Benard Nyariki
Assistant Director – Finance & Accounts
ICPAK M/No 9143


.....
D.M Karomo
Chairperson of the Fund

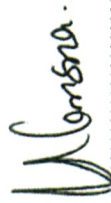
**Commission on Administrative Justice Mortgage and Car loan fund
Annual Report and Financial Statements For the year ended 30th June 2023**


16. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023


Description	Original budget	Adjustments	Final budget	Actual on comparable	% Utilization
	2022/2023	2022/2023	2022/2023	basis 2022/23	
Revenue	KShs	KShs	KShs	KShs	
Transfers from CAJ	12,250,000	-	12,250,000	12,250,000	100%
Interest on Housing Mortgage	2,532,977	-	2,532,977	2,532,977	100%
Income from Fire and life insurance	471,012		471,012	471,012	100%
Income from loan applications	5,000	-	5,000	5,000	100%
Total income	15,258,989	-	15,258,989	15,258,989	100%
Expenses					
Fund administration expenses	2,371,225	-	2,371,225	2,371,225	100%
Revolving	12,250,000	-	12,250,000	12,250,000	100%
Total expenditure	14,621,225	-	14,621,225	14,621,225	100%
Surplus for the period				637,764	

The Commissions on Administrative Justice Mortgage and car loan fund financial statements were approved on 15/12/2023 and

signed by:


.....
Mercy Wambua, OGW
Administrator of the Fund


.....
Bernard Nyariki
Assistant Director – Finance & Accounts
ICPAK M/No 9143


.....
D.M Karomo
Chairperson of the Fund

17. 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, (*include any other applicable legislation*), 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
LOAN FUND**
Annual Report and Financial Statements For the year ended 30th June 2023

3. Adoption Of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

**COMMISSION ON ADMINISTRATIVE JUSTICE STAFF MORTGAGE AND CAR
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Annual Report and Financial Statements For the year ended 30th June 2023

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Annual Report and Financial Statements For the year ended 30th June 2023

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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>
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>

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.

I. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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.

II. Financial liabilities

Classification

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

b. 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.

c. 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.

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.

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e. 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 Directors/Trustee, the Fund Managers, and Fund Accountant.

f. 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 Co-operative Bank of Kenya.

g. Comparative figures

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

h. Events after the reporting period

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

i. 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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6. Notes to the Financial Statements

1. Interest on Housing Mortgage

Description	2022/2023	2021/2022
	KShs	KShs
Interest on Housing Mortgage	2,532,977	2,024,840

2. Fire and Life Insurance Income

Description	Fire and Life Insurance income 2022/2023	Fire and Life Insurance income 2021/2022
	KShs	KShs
Fire and Life Insurance Income	471,012	312,752

3. Other income

Description	2022/2023	2021/22
	KShs	Kshs.
Other income – Income from loan applications	5,000	1,000
Total Other income	5,000	1,000

4. Fund Administration Costs

This comprises 3% Interest and Fire & Life Insurance costs due to the Bank as computed in note 1 above summarised as follows;

Description	2022/2023	2021/2022
	KShs	Kshs
3% Interest income	1,899,733	1,518,630
Fire & Life Insurance Expense	471,012	312,752
Bank charges	480	0
TOTAL	2,371,225	1,831,382

5. Cash and cash equivalents

Description	2022/2023	2021/2022
	KShs	Kshs.
Mortgage and Car Loan account - Co-operative Bank of Kenya Ac no. 01141588083600	93,710,171	112,204,214
Total Cash and Cash equivalents	93,710,171	112,204,214

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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	2022/2023 KShs	2021/22 Kshs.
a) Current account			
Co-operative Bank – Ac no. 01141588083600		93,710,171	112,204,214
Grand total		93,710,171	112,204,214

6. Current Portion principal from Exchange transactions.

Description	2022/23	2021/2022
	Kshs.	Kshs.
Current Receivables	3,800,687	2,283,390

7 (a) Unremitted remittance of Principal from Fund account.

Description	2022/23	2021/2022
	Kshs.	Kshs.
Principal Receivable	981,028	1,305,820
Total Current Receivables	981,028	1,305,820

7 (b) Interest Receivable from Fund account.

Description	2022/23	2021/2022
	Kshs.	Kshs.
Interest Receivable	202,476	136,097
Total Current Receivables	202,476	136,097

8. Long term Receivables

Description	2022/23	2021/2022
	Kshs.	Kshs.
Non-Current Receivables		
Long Term Loan Repayments Due	78,906,159	48,863,236

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Receivable from Exchange transactions.

Description	2022/23		2021/2022	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable	202,476		136,097	
Principal Receivable	981,028		1,305,820	
Total Current Receivables	1,183,504		1,441,917	
Non-Current Receivables				
Long Term Loan Repayments Due	78,906,159		48,863,236	
Total Non- Current Receivables	3,880,687		2,283,390	
Total Receivables	83,970,350		52,588,543	
Ageing analysis (receivable from exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	5,064,191	6%	3,757,307	7%
Between 1-2 years	4,038,793	5%	3,880,687	7%
Between 2-3 years	4,203,340	5%	4,038,793	8%
Over 3 years	70,664,026	84%	40,911,756	78%
Total (tie to totals above)	83,970,350	100%	52,588,543	100%

9. Revolving Fund

Revolving Fund	2022/2023	2021/2022
Description	KShs	KShs
Balance as at 1 July	164,000,000	132,000,000
Mortgage Funds transferred from CAJ during the year	10,000,000	30,000,000
Car loan Funds transferred from CAJ during the year	2,250,000	2,000,000
Balance as at 30 June	176,250,000	164,000,000

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10. Accumulated Surplus

	2022/2023	2021/22
Description	Amount (KShs)	Amount (KShs)
Surplus for year	792,757	285,547
Total accumulated surplus for year ended June 30, 2022	637,764	507,210
Total	1,430,521	792,757

11. Loan Disbursements paid out

	2022/2023	2021/22
Description	(KShs)	(KShs)
Loan Disbursements paid out	34,299,000	10,000,000

12. Interest and Insurance Income.

	2022/2023	2021/22
Description	(KShs)	(KShs)
Interest received during the year	566,865	647,660
3% Mortgage interest income	1,899,733	1,518,630
Fire and Life insurance	471,012	312,752
Total	2,937,610	2,479,042

13. Proceeds from Loan Principal Repayments.

	2022/2023	2021/22
Description	(KShs)	(KShs)
Principal received	2,983,572	1,401,363

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 2022				
Receivables From Exchange Transactions- Car loans and mortgages	1,183,504	0	1,441,917	0
Receivables From Non-Exchange Transactions	78,905,986	0	48,863,236	0
Bank Balances	93,710,171	0	112,204,214	0
Total	173,799,661	0	162,509,367	0
At 30 June 2023				
Receivables From Exchange Transactions- Car loans and mortgages	1,441,917	0	860,667	0
Receivables From Non-Exchange Transactions	48,863,236	0	41,354,803	0
Bank Balances	112,204,214	0	88,154,191	0
Total	162,509,367	0	130,369,661	0

Notes to the Financial Statements (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from 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 2023	0	0	0	0
Trade Payables	0	0	0	0
Total	0	0	0	0
At 30 June 2023	0	0	0	0
Trade Payables	0	0	0	0
Total	0	0	0	0

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

d) Interest rate risk

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

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Management of interest rate risk

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

Sensitivity analysis

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

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	Insert Current FY	Insert comparative FY
	Kshs.	Kshs.
Revolving fund	176,250,000	164,000,000
Accumulated surplus (<i>Reserves</i>)	1,430,521	792,757
Total funds	177,680,521	164,792,757
Less: cash and bank balances	93,710,171	112,204,214
Net debt/(excess cash and cash equivalents)	83,970,350	52,588,543
Gearing	47%	32%

15. Related party balances

a) Nature of related party relationships

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

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

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b) Related party transactions

i. Transfers from related parties

Description	2021/2022	2022/2023
	Kshs.	Kshs.
Transfers from related parties	0	0

ii. Key management remuneration

Description	2021/2022	2022/2023
	Kshs.	Kshs.
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

16. Events after the Reporting Period

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

17. Ultimate And Holding Entity

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

18. Currency

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

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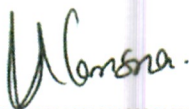
19. Annexes

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)

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



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Mercy Wambua, OGW
Administrator of the Fund



.....
Benard Nyariki
Assistant Director –
Finance & Accounts
ICPAK M/No 9143



.....
D.M Karomo
Chairperson of the Fund

