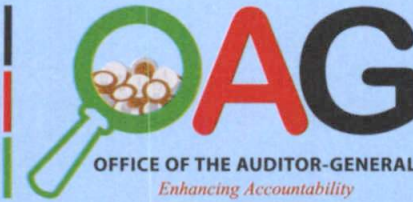


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIAMBU COUNTY ASSEMBLY STAFF LOAN  
SCHEME FUND**

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

PAPERS LAID	
DATE	17/02/2026
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COMMITTEE	
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**KIAMBU COUNTY ASSEMBLY  
COUNTY ASSEMBLY STAFF LOAN SCHEME FUND**

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

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

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**County Assembly Staff Loan Scheme fund**  
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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
DoB	Date of birth
FY	Financial Year
LLB	Bachelor of Laws
UoN	University of Nairobi
CS	Certified Secretaries
IHRM	International Human Resource Management
ICPS	International Centre for Parliamentary Studies
SRC	Salaries and Remuneration Commission
KRA	Kenya Revenue Authority
KCA	Kenya College of Accountancy
KCB	Kenya Commercial Bank
N/A	Not Applicable
MCA,s	Members of the County Assembly of Kiambu

**B. Definition of Key Terms**

**Fiduciary Management**

The key management personnel who had financial responsibility were;

1. Fund Administrator;
2. Head of Finance in the County Assembly; and
3. The Loan Management Committee.

**2. Key Entity Information and Management**

**a) Background information**

The County Assembly Staff Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management Act “County Assembly Staff Loan Scheme Fund” regulations, 2018. The Fund is under the County Government of Kiambu, Kenya.

The Fund’s objective is to provide mortgages to the staff of the County Assembly to purchase, develop, renovate, and repair residential property.

**b) Principal Activities**

To provide mortgages to the staff of the county Assembly.

The County Assembly Vision, Mission, and Core Values:

**Vision**

To be a vibrant, value-oriented, quality-driven, and people-responsive County Assembly in Kenya.

**Mission**

To be a transformative, efficient, effective, and democratic discharge of representation, legislative, and oversight mandates.

**Core values**

1. Independence;
2. Integrity;
3. Openness;
4. Professionalism;
5. Concern and;
6. Equity and unity in diversity.

**c) The Loan Management Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Mr John Mwivithi Mutie	Fund Administrator
2	Mr. James Methu Michire	Chairman, Loan Management Committee
3	Mr. David Kirigi Ngure	Member, Loan Management Committee
4	Ms. Sarah Felicity Nkatha Kiruki	Member, Loan Management Committee
5	Mr. James Githu Muiruri	Member, Loan Management Committee
6	Mr. Godfrey Muriuki	Member, Loan Management Committee
7	Ms. Hannah Gituiria	Secretary, Loan Management Committee

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**d) Key Management team**

Ref	Name	Position
1	Mr John Mwivithi Mutie	Fund Administrator
2	Ms. Sarah Felicity Nkatha Kiruki	Director, Finance and Accounts
3	Mr. Gabriel Karimi Muriithi	Principal Accountant
4	Mr. John Ichamugo Mugo	Accounts Officer II

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Head of Internal Audit	i. Mr. Flavian Gatimu Kung'u
2	County Assembly Public Investments and Account Committee	i. Hon. Obudho Kennedy Odhiambo, Chairperson ii. Hon. Kamau James Boro, Member iii. Hon. Wanyutu Wamwere, Member iv. Hon. Njue John Njiru, Member v. Hon. Munga Nelson Mbuiyu, Member vi. Hon. Muthondu John Ngure, Member vii. Hon. Ndungu Erick Warugu, Member viii. Hon. Njama Joakim Mwangi, Member ix. Hon. Munana Moses Muiruri, Member x. Hon. Mbugua Zacharia Macharia, Member xi. Hon. Nyaga Esther Wambui, Member xii. Hon. Irungu Esther Muthoni, Member xiii. Hon. Mburu Susan Njeri, Member xiv. Hon. Kamau Alice Wangui, Member xv. Hon. Hinga Grace Wanjiru, Member
3	Audit Committee	The audit committee was constituted in June 2024. Its mandate is to advise the County Assembly of Kiambu on institutional risk

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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		<p>management and compliance. The committee member were appointed in to office in June 2024 and they are:</p> <ul style="list-style-type: none"><li>i. Mr.Samuel Mwaura, Chairperson</li><li>ii. Ms.Salome Gakure,Member</li><li>iii. Mr.Joseph Njoroge, Member</li><li>iv. Mr.Flavian Gatimu, Secretary</li></ul>
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**f) Registered Offices**

Kiambu Assembly Buildings  
P.O. Box 1492-00900  
Kiambu, KENYA

**g) Fund Contacts**

Telephone: 0675860000  
E-mail: [info@kiambuassembly.go.ke](mailto:info@kiambuassembly.go.ke)  
Website: [www.kiambuassembly.go.ke](http://www.kiambuassembly.go.ke)

**h) Fund Bankers**

Kenya Commercial Bank  
P.O. Box 81-00900  
**Kiambu, Kenya**

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Key Entity and Management (Continued)**

**i) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

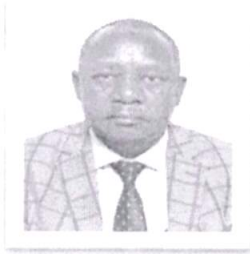
**j) Principal Legal Adviser**

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



**k) County Attorney**

County Attorney  
Nova County Office  
P.O. Box 2344-00900  
**Kiambu, Kenya**



3. Loan Management Committee

Name	Details of qualifications and experience
<p>1. Mr. John Mwivithi Mutie</p> 	<p><b>Fund Administrator</b></p> <p>Mr. John Mutie is the Clerk of the County Assembly of Kiambu and the Fund Administrator of the County Assembly Staff Loan Scheme Fund. Born on 29th September 1970, he brings with him over 27 years of extensive experience in public service, most of it in senior managerial roles across both legislative and executive arms of government.</p> <p>Mr. Mutie holds a Bachelor of Laws (LLB) degree from the University of Nairobi and is a Certified Public Secretary (CPS-K). He is a registered member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Human Resource Management (IHRM). In addition, he is a Certified Professional Mediator, underscoring his commitment to effective dispute resolution and governance.</p> <p>He has undertaken specialized training in Public Sector Reforms, Performance Management, Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK), and has successfully completed professional development programs including the Senior Management Course and the Strategic Leadership Development Programme at the Kenya School of Government.</p> <p>Mr. Mutie began his career in the defunct Local Authorities, where he served as Town Clerk/Clerk to the Council. Following the establishment of County Governments in 2013, he was appointed Interim Sub-County Administrator, and in February 2014, he became the Clerk of the County Assembly of Kiambu, a position he held until August 2018.</p> <p>Between August 2018 and October 2021, he was seconded to the Kiambu County Executive, where he served intermittently as Chief Officer in several departments, including:</p> <p>1. Lands, Housing, Physical Planning, Municipal Administration, and Urban Development</p>



**County Assembly Staff Loan Scheme fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>2. Water, Environment, Energy, and Natural Resources Administration and Public Service</p> <p>Mr. Mutie's vast experience, legal background, and leadership in both legislative and executive functions have played a critical role in institutional development, policy implementation, and governance reforms in Kiambu County.</p>
<p>2. Mr. James Methu Michire</p> 	<p><b>Chairman, Loan Management Committee,</b></p> <p>Mr. James Methu Michire is an Assistant Hansard Editor at the County Assembly of Kiambu, with over nine years of experience in the public sector. Born in 1982, he holds a Bachelor of Arts degree in Economics and Sociology from Egerton University.</p> <p>In his role, he is responsible for the accurate transcription and production of the official parliamentary records, ensuring transparency and accountability in legislative proceedings. His dedication and integrity have earned him the trust of his colleagues, who nominated him to represent them in the County Assembly Staff Loan Scheme Fund.</p> <p>His strong background in public service and commitment to institutional development make him a valued member of the County Assembly team.</p>
<p>3. Mr. David Kirigi Ngure</p> 	<p><b>Member, Loan Management Committee,</b></p> <p>Mr. David Kirigi Ngure is the Deputy Clerk and Director, Legislative &amp; Procedural Services at the County Assembly of Kiambu. He holds a Bachelor of Laws (LLB) degree from the University of Nairobi and a Post-Graduate Diploma in Law from the Kenya School of Law. He is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya (LSK).</p> <p>Mr. Ngure has over twelve (12) years of progressive experience in legislative, legal, administrative, and governance roles, serving in senior management within the public service. His professional expertise includes compliance and governance, legislative drafting, and constitutional law.</p> <p>He has a keen interest in strategic management and leadership, corporate governance, and regulatory</p>


**County Assembly Staff Loan Scheme fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>compliance, and has successfully undertaken professional courses in these areas.</p>
<p>4. Ms.Sarah Felicity Nkatha</p> 	<p><b>Member, Loan Management Committee,</b> Ms.Sarah Felicity Nkatha is the Director of Finance and Accounts at the County Assembly of Kiambu, with over ten years of progressive experience in accounting, auditing, and financial management within the public sector. Born in 1980, she has demonstrated consistent leadership in ensuring financial integrity, compliance, and transparency in public financial operations.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and a Bachelor's degree in Business Administration (Finance and Accounting) from Kenya Methodist University. She is a Certified Public Accountant and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK), membership number 6244.</p> <p>Her expertise spans financial planning and analysis, audit and risk management, budget formulation, and public sector financial reporting. Her commitment to accountability and good governance continues to play a vital role in strengthening financial systems at the County Assembly.</p>
<p>5. Mr.James Githu Muiruri</p> 	<p><b>Member, Loan Management Committee,</b> Mr.James Githu Muiruri is the Director of Human Resources at the County Assembly of Kiambu, with a distinguished career in human resource management and public administration. Born on August 24, 1978, he brings a wealth of experience, having previously served as the Principal Human Resource Officer at the Nairobi City Council.</p> <p>He holds a Bachelor of Arts in Leadership and Management from St. Paul's University and a Diploma in Human Resources from the Kenya Institute of Management. He holds a Master's degree in Leadership and Governance at Kenyatta University, further enhancing his leadership and policy formulation skills.</p> <p>He is a registered and Certified Human Resource Practitioner (CHRP-K), a Certified and Accredited</p>


**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



	<p>Mediator, and an Arbitrator of the High Court of Kenya. He is also a member of the Chartered Institute of Arbitrators (London and Kenya chapters), reflecting his commitment to professional excellence in conflict resolution and human capital development.</p> <p>In addition to his role at the County Assembly, he serves on the Board of Directors of Kiambu Water Company, contributing his expertise in governance and strategic leadership.</p>
<p>6. Mr. Godfrey Muriuki</p> 	<p><b>Member, Loan Management Committee,</b></p> <p>Mr. Godfrey Muriuki is the Principal Legal Counsel at the County Assembly of Kiambu, bringing over ten years of extensive experience in legal practice, legislative drafting, and public sector governance. Born in 1989, he holds a Bachelor of Laws (LLB) (Hons) degree from the Catholic University of Eastern Africa, a Diploma in Law from the Kenya School of Law, and has successfully completed Certified Public Secretary (CPS) Sections I and II.</p>
<p>7. Ms.Hannah Gituiria</p> 	<p><b>Secretary, Loan Management Committee,</b></p> <p>Ms.Hannah Gituiria is a Procurement Officer at the County Assembly of Kiambu with over four years of experience in public procurement and supply chain management. Born on July 16, 1986, she holds a Diploma in Purchasing and Supplies Management from the Kenya Institute of Management. She is a registered member of the Kenya Institute of Supplies Management (KISM), membership number 79219</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Mr. John Mwivithi Mutie</p> 	<p><b>Fund Administrator</b></p> <p>Mr. John Mutie is the Clerk of the County Assembly of Kiambu and the Fund Administrator of the County Assembly Staff Loan Scheme Fund. Born on 29th September 1970, he brings with him over 27 years of extensive experience in public service, most of it in senior managerial roles across both legislative and executive arms of government.</p> <p>Mr. Mutie holds a Bachelor of Laws (LLB) degree from the University of Nairobi and is a Certified Public Secretary (CPS-K). He is a registered member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute of Human Resource Management (IHRM). In addition, he is a Certified Professional Mediator, underscoring his commitment to effective dispute resolution and governance.</p> <p>He has undertaken specialized training in Public Sector Reforms, Performance Management, Monitoring and Evaluation at the International Centre for Parliamentary Studies (UK), and has successfully completed professional development programs including the Senior Management Course and the Strategic Leadership Development Programme at the Kenya School of Government.</p> <p>Mr. Mutie began his career in the defunct Local Authorities, where he served as Town Clerk/Clerk to the Council. Following the establishment of County Governments in 2013, he was appointed Interim Sub-County Administrator, and in February 2014, he became the Clerk of the County Assembly of Kiambu, a position he held until August 2018.</p> <p>Between August 2018 and October 2021, he was seconded to the Kiambu County Executive, where</p>

**County Assembly Staff Loan Scheme fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>he served intermittently as Chief Officer in several departments, including:</p> <ol style="list-style-type: none"> <li>1.Lands, Housing, Physical Planning, Municipal Administration, and Urban Development</li> <li>2.Water, Environment, Energy, and Natural Resources</li> <li>3.Administration and Public Service</li> </ol> <p>Mr. Mutie's vast experience, legal background, and leadership in both legislative and executive functions have played a critical role in institutional development, policy implementation, and governance reforms in Kiambu County.</p>
<p>2. Ms. Sarah Felicity Nkatha Kiruki</p> 	<p><b>Fund Accountant,</b></p> <p>Ms. Sarah Felicity Nkatha is the Director of Finance and Accounts at the County Assembly of Kiambu, with over ten years of progressive experience in accounting, auditing, and financial management within the public sector. Born in 1980, she has demonstrated consistent leadership in ensuring financial integrity, compliance, and transparency in public financial operations.</p> <p>She holds a Master of Science in Finance and Accounting from KCA University and a Bachelor's degree in Business Administration (Finance and Accounting) from Kenya Methodist University. She is a Certified Public Accountant and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK), membership number 6244.</p> <p>Her expertise spans financial planning and analysis, audit and risk management, budget formulation, and public sector financial reporting. Her commitment to accountability and good governance continues to play a vital role in strengthening financial systems at the County Assembly.</p>
<p>3. Mr.Gabriel Karimi Muriithi</p>	<p><b>Principal Accountant</b></p> <p>Mr.Gabriel Karimi Muriithi is a seasoned public finance professional with over 25 years of experience in both the public and corporate</p>

	<p>sectors, most of it in senior managerial positions. Born on July 11, 1972, he is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK No. 9345). He is also a Certified Secretary and a Certified Professional Mediator, reflecting his multidisciplinary expertise in governance, finance, and dispute resolution.</p> <p>He is currently pursuing a Bachelor of Commerce degree at KCA University, further enriching his academic and professional foundation. His commitment to leadership excellence is demonstrated by his successful completion of the Senior Management Course and the Strategic Leadership Development Programme at the Kenya School of Government (KSG).</p> <p>Prior to the establishment of county governments in 2013, he served in the defunct local authorities as Chief Internal Auditor and Treasurer in various jurisdictions. His early career also includes experience in the corporate sector, where he worked as an Accountant and Audit Assistant in a reputable auditing firm.</p> <p>With his deep knowledge of public finance, internal controls, and organizational leadership, he continues to contribute significantly to public sector reforms and institutional development.</p>
<p>4. Mr. John Ichamugo Mugo</p> 	<p><b>Accounts Officer II</b></p> <p>Mr. John Ichamugo Mugo is an Accounts Officer II at the County Assembly of Kiambu, with over five years of experience in accounting and financial management within the public sector. Born in 1989, he holds a Bachelor's degree in Finance and Banking from Moi University.</p> <p>He is a Certified Public Accountant and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK No. 24172). His areas of expertise include financial reporting, budgeting, expenditure control, and compliance with public financial regulations.</p>

**County Assembly Staff Loan Scheme fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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	With a strong foundation in both academic training and practical experience, he plays a key role in supporting the Assembly's financial operations and promoting transparency and accountability in the use of public funds.
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**5. Chairperson's Report**

On behalf of the Loan Management Committee, I am pleased to present the County Assembly Staff Loan Scheme Fund Financial Statements for the year ending June 30, 2025. These financial statements reflect the fund's economic performance and operational progress over the past financial year.

The primary objective of the Fund is to provide accessible and affordable loans to Members of Staff to enable them to purchase, develop, renovate, or repair residential properties. By facilitating home ownership and improvement, the Fund plays a critical role in enhancing the welfare and financial security of staff members.

The financial performance of the Fund for the period under review is highlighted below:

**Financial Performance Report 2024/2025**

**1. Revenue**-The total revenue for the year increased by Kshs 487,715 (12.94%) from Kshs 3,769,686 in 2024 to Kshs 4,257,401 in 2025.

Revenue was derived entirely from interest income, with no support from donations, grants, or government transfers.

**2. Expenditure**-Total expenses increased by Kshs 386,346 (9.58%), rising from Kshs 4,032,675 in 2024 to Kshs 4,419,021 in 2025.

Expenses were solely attributable to use of goods and services, with no employee or finance costs reported.

**3. Deficit**-Despite increased revenue, the organization recorded a deficit of Kshs 161,620 for the year, an improvement from the prior year's deficit of Kshs 262,989.

The narrowing of the deficit reflects a positive trend, although the financial position remains in deficit.

**Financial Position Report 2024/2025**

**Assets-Current Assets:**

- Cash and Cash Equivalents: kshs 8,150,617

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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- Current portion of long-term receivables from exchange transactions: kshs12,810,338
- Portion of borrowed funds held at Cooperative Bank: kshs16,403,531
- Prepayments, inventories, and investments: Nil

**Non-Current Assets:**

- Long-term receivables from exchange transactions: kshs151,158,137
- Property, plant, equipment, intangible assets, and investment property: Nil

**Liabilities-Current Liabilities:**

- Trade and other payables from exchange transactions: kshs52,962,137
- Current provisions, borrowings, employee benefits, social benefit liabilities: Nil

**Cash flow Statement Report 2024/2025**

1. Operating Activities: The deficit before tax combined with a small increase in receivables reduced cash from operations. However, this was slightly offset by an increase in payables of Kshs 10,780. The overall outflow mainly reflects payment of Fringe Benefit Tax and bank charges against modest interest income.
2. Investing Activities: There was a significant increase in loan disbursements during the year (Kshs 40,000,000), reflecting enhanced staff loan activity. This outweighed the repayments received, resulting in a net outflow of Kshs 30,761,421 compared to an inflow in the previous year.
3. Financing Activities: The Fund received Kshs 50,000,000 transferred from Family Bank to KCB. Of this, Kshs 25,900,000 was transferred to the Co-operative Bank account. Additionally, Kshs 9,495,469 was refunded from the County Assembly. These transactions resulted in a net financing inflow of Kshs 33,596,469
4. Cash Position: The closing cash balance improved significantly to Kshs 8,150,617 from Kshs 5,534,562

**4. Financial Controls and Governance**

The Fund continues to maintain proper and effective financial systems and internal controls to ensure the efficient management of resources. Prompt loan recoveries have been facilitated through the check-off system, and all activities adhere to public financial management regulations to ensure transparency and accountability.

**Conclusion**

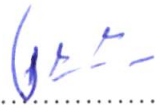
The Loan Management Committee acknowledges the achievements made during the financial year, particularly in sustaining operations and loan recoveries amid constrained funding. We reaffirm our commitment to financial prudence, transparency, and ensuring all eligible staff members benefit from the Fund.

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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We express our gratitude to the County Assembly Service Board, the Loan Management Committee, and all staff members for their continued support and cooperation.

We remain optimistic about a more favorable financial year 2024/2025, with increased participation, enhanced sensitization efforts, and improved funding opportunities to expand the Fund's reach and impact.

Name Jamir Michsrp Signature  Date 13-10-25

Chairperson of the Fund

## **6. Report of the Fund Administrator**

The County Assembly Staff Loan Scheme Fund Regulations, 2018 were established in compliance with the provisions of the Public Finance Management (PFM) Act, and are aligned with the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/WB/314 of February 2014. The Fund is financed through budgetary allocations as provided in the County's Budget Estimates.

In pursuit of sound fund management, the County Assembly of Kiambu adopted the Public Finance Management Act (County Assembly Staff Loan Scheme Fund Regulations, 2018). These regulations continue to guide the operationalization of the Fund, ensuring adherence to financial governance standards and SRC advisories.

### **Fund Objective**

The primary objective of the Fund is to provide mortgage loans to eligible members of staff to enable them to purchase, develop, renovate, or repair residential properties, in accordance with the Public Finance Management Act, 2018.

Since its inception, the Loan Management Committee has approved mortgage loans for twenty-six (26) beneficiaries, contributing significantly to staff welfare and home ownership.

Key loan terms include:

- Interest Rate: 3% per annum on a monthly reducing balance.
- Repayment Period: Up to 20 years, or until the borrower's retirement date, whichever comes first.
- Security: All properties financed are jointly secured by the applicant and the County Assembly of Kiambu, to safeguard public funds.

### **Governance and Risk Management**

The Fund has demonstrated steady growth over the years, thanks to prudent financial controls and proactive governance. Key measures implemented by the Loan Management Committee include:

- Joint property security arrangements between staff members and the County Assembly.
- Full compliance with statutory requirements, including timely recovery and remittance of loan repayments.
- Continuous monitoring and risk mitigation to prevent loss or misuse of public resources.

### **Conclusion**

The Loan Management Committee has continued to implement transformative initiatives that significantly enhance staff welfare. Through the provision of affordable mortgage financing, more staff have been able to secure decent housing, improving their overall quality of life.

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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Despite funding constraints during the 2024/2025 financial year, the Fund has demonstrated strong performance. Looking forward, the Committee remains focused on growing the Fund while ensuring that staff welfare remains at the heart of its operations

## **7. Statement of Performance against the County Fund's Predetermined Objectives**

### **Introduction**

Section 167 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer, when preparing financial statements of each County Assembly Entity, following the standards and formats prescribed by the Public Sector Accounting Standards Board includes a view of the County Assembly entity's performance against predetermined objectives.

The key mandate of the County Assembly of Kiambu is legislation, oversight, and representation.

### **Annual Performance Report for the Financial Year 2024/2025**

#### **Legal Framework and Mandate**

The County Assembly Staff Loan Scheme Fund is established under and derives its authority from the Public Finance Management Act (PFM) through the County Assembly Staff Loan Scheme Fund Regulations, 2018. These regulations provide a legal framework for the Fund's establishment, operationalization, and accountability mechanisms.

#### **Fund Objective for FY 2024/2025**

The primary objective of the Fund during the year under review was to provide mortgage loans to eligible staff members of the County Assembly of Kiambu to purchase, develop, renovate, or repair residential property.

#### **Funding Status and Challenges**

Despite its critical role in supporting staff welfare, the Fund did not receive any budgetary allocation from the County Treasury during the Financial Year 2024/2025.

This financial constraint significantly affected the Fund's operations, particularly by limiting the number and value of mortgage loans that could be disbursed to staff. Consequently, the Fund's lending capacity was restricted, and overall performance fell below projections.

#### **Key Challenges Faced:**

1. Lack of budgetary allocations, which hindered the Fund's ability to meet increasing demand for staff loans.
2. A significant increase in the number of mortgage applicants, placing further strain on the limited available funds.

#### **Proposed Mitigation Measures:**

- Increased budgetary allocation to the Fund in future fiscal years.

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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- Timely release of exchequer funds to enable the Loan Management Committee to plan and disburse loans effectively.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Provision of Mortgage Facilities	To ensure staff members have access to mortgage financing.	The Fund has successfully issued mortgage loans to 30 staff members since inception.	This represents 30% of the County Assembly staff who have benefited.	In FY 2024/2025, nine staff member accessed a mortgage loan.

## **8. Corporate Governance Statement**

The County Assembly Staff Mortgage Loan Scheme Fund was established pursuant to the Salaries and Remuneration Commission (SRC) Circular No. SRC/TS/WB/314 dated February 2014. The Fund operates under the legal framework provided by the Public Finance Management (County Assembly Staff Loan Scheme Fund) Regulations, 2018, which outline the governance, operational, and accountability structures of the Fund.

To ensure effective oversight and sound management, a dedicated Staff Mortgage Loan Management Committee has been constituted. The committee is tasked with the administration of the Fund in accordance with established laws, regulations, and ethical standards.

Provide the corporate governance statement as guided below:

### **1. Role and Responsibilities of the Staff Loan Management Committee**

The Staff Loan Management Committee operates under the principles outlined in Section 116 of the Public Finance Management Act (PFM Act) and is charged with ensuring effective administration, oversight, and accountability of the Staff Mortgage Loan Scheme Fund.

The Committee is responsible for:

- (a) Receiving and analyzing reports from the Fund Administrator.
- (b) Endorsing and recommending approval of loan application forms.
- (c) Advising on any additional financial requirements for the Fund.
- (d) Liaising with mortgage companies (if any) to establish a revolving fund for loan disbursement.
- (e) Performing any other function necessary to support effective fund administration.

### **2. Appointment of the Staff Loan Management Committee**

In accordance with Regulation 9(1) of the PFM (County Assembly Staff Loan Scheme Fund) Regulations, the County Executive Committee Member, in consultation with the Fund Administrator, appointed a committee to manage the Fund. This Committee assumes the role of the Kiambu County Assembly Loans Management and Advisory Committee and operates as guided by the Fund Regulations.

#### **Membership of the Loan Management Committee:**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Mr. John Mwivithi Mutie	Fund Administrator
2	Mr. James Methu Michire	Chairman, Loan Management Committee
3	Mr. David Kirigi Ngure	Member, Loan Management Committee

**County Assembly Staff Loan Scheme fund  
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4	Ms. Sarah Felicity Nkatha Kiruki	Member, Loan Management Committee
5	Mr. James Githu Muiruri	Member, Loan Management Committee
6	Mr. Godfrey Muriuki	Member, Loan Management Committee
7	Ms. Hannah Gituiria	Secretary, Loan Management Committee

The Fund Administrator may designate and appoint additional staff to assist in the day-to-day administration of the Fund.

**3. Delegation to Fund Accountant**

The Fund Administrator has delegated the day-to-day financial management and operational duties of the Fund to the Fund Accountant. The Fund Accountant is responsible for ensuring that the Fund Administrator receives timely, accurate, and relevant financial data and reports to support effective oversight and decision-making.

**4. Fund Administrator Responsibilities**

As the accounting officer, the Fund Administrator is responsible for:

- Supervising and controlling the administration of the Fund.
- Maintaining custody of all legal documents related to the Fund.
- Keeping accurate books of accounts and other records of transactions.
- Preparing and submitting annual financial statements to the Auditor-General within three months after the close of the financial year, detailing income and expenditure.
- Furnishing additional information as required for auditing purposes.
- Appointing appropriate staff to assist in fund administration.
- Conducting inspections to verify information provided by loan applicants.
- Preparing and submitting quarterly reports on Fund activities to the Committee.

**5. Committee Meetings**

During the Financial Year 2024/2025, the Loan Management Committee held regular meetings to review loan applications, and oversee the administration of the Staff Loan Fund. The meetings were structured to ensure timely consideration of staff requests and promote prudent management of the Fund's resources.

A total of ten (10) meetings were convened in the Financial Year 2024/2025, as summarized below:

**Loan Management Committee Meetings (FY 2024/2025)**

S/no	Date	No. of Attendees	Description
1	3/6/2024	5	Loan management committee
2	19/07/2024	6	Loan management committee
3	28/08/2024	4	Loan management committee
4	3/9/2024	7	Loan management committee

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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5	8/10/2024	5	Loan management committee
6	3/2/2025	4	Loan management committee
7	13/03/2025	6	Loan management committee
8	1/4/2025	5	Loan management committee
9	30/05/2025	7	Loan management committee
10	7/5/2025	4	Loan management committee

## **6. Statement of Compliance**

The Fund Administrator affirms that the Fund has complied fully with all statutory and regulatory requirements throughout the Financial Year 2024/2025 and that its operations have been governed in line with the principles of good corporate governance, transparency, and accountability.

## **7. Internal Control Framework**

The Fund continually reviews and strengthens its internal control framework to safeguard public resources and maintain an effective risk management environment. Measures include:

- Automated check-off systems for recoveries.
- Joint property security arrangements.
- Regular internal audits and reconciliations

## **8. Management Team**

The Fund's management team meets regularly to:

- Evaluate progress against set objectives.
- Implement corrective actions where needed.
- Ensure efficient and effective service delivery to staff beneficiaries.

## **9. Auditor**

The Auditor-General is responsible for auditing the Fund's Annual Reports and Financial Statements in accordance with Section 48 of the Public Audit Act, 2015. The audit includes an assessment of compliance, financial accuracy, and the issuance of an opinion on the Fund's financial health and integrity.

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**9. Management Discussion and Analysis**

The County Assembly Staff Mortgage Loan Scheme Fund has continued to demonstrate consistent growth over the years. The Fund Management has implemented strong internal controls and governance mechanisms to safeguard public resources and ensure effective utilization of available funds.

As a risk mitigation measure, all staff properties financed through the Fund are jointly secured by both the applicant and the County Assembly of Kiambu. This approach minimizes default risks and protects the Fund's long-term sustainability. Additionally, the Fund continues to comply with all relevant statutory requirements, including timely loan recoveries through the check-off system, and the prudent administration of day-to-day operations.

In the Financial Year 2024/2025, the Loan Management Committee approved and disbursed a total of Kshs. 40,000,000 to nine eligible staff members. This disbursement was executed in strict compliance with the laid-down procedures, legal frameworks, and regulatory guidelines governing public financial management and staff welfare schemes.

Despite the funding constraints, the core operational objective of the Fund—to provide affordable mortgage facilities to the staff of the County Assembly of Kiambu—has remained consistent and impactful.

The County Government has historically supported the Fund, contributing to its positive performance. However, during the year under review, the Fund encountered various operational and cash flow management challenges, most notably:

1. Lack of budgetary allocation from the County Treasury for housing loans, despite an increased number of eligible mortgage applicants;
2. Reliance solely on recoveries from existing loans to finance new disbursements, which limited the Fund's ability to meet current demand.

Nonetheless, the Fund remained operationally active due to recoveries from previously disbursed loans.

These recoveries continue to play a crucial role in sustaining the Fund in the absence of new capital injections.

## **Conclusion**

The County Assembly Staff Mortgage Loan Scheme Fund has continued to positively impact the welfare and living standards of County Assembly staff by enabling homeownership and improved housing conditions.

To ensure the continued success and sustainability of the Fund, there is a critical need for renewed budgetary support from the County Assembly in the Financial Year 2024/2025. Enhanced funding will allow the Fund to meet increasing demand and extend the benefits of home financing to a greater number of staff members.

The Fund remains committed to maintaining transparency, accountability, and adherence to statutory and financial regulations while pursuing its mandate to support employee welfare through affordable mortgage facilities.

## **10. Environmental and Sustainability Reporting**

The County Assembly of Kiambu is established under the provisions of the Constitution of Kenya, 2010, and is mandated to provide representation, legislation, and oversight for the citizens of Kiambu County. The Assembly operates as a key institution in devolved governance and upholds the values and principles enshrined in the Constitution.

### **Strategic Direction**

#### **Vision**

To be a vibrant, value-oriented, quality-driven, and people-responsive County Assembly in Kenya.

#### **Mission**

To be a transformative, efficient, and trusted Assembly for Kiambu residents through collaboration with relevant county, national, and international stakeholders.

#### **Core Values**

The Assembly is guided by a dynamic institutional culture rooted in the following core values:

1. **Responsiveness**

We address the needs and aspirations of the people of Kiambu County through effective policy and legislative initiatives.

2. **Respect**

We foster mutual respect in all engagements, encouraging partnerships and collaboration with all stakeholders.

3. **Diversity**

We embrace inclusivity across gender, ethnicity, class, race, ability, and minority groups to ensure fair representation and equality.

4. **Integrity and Accountability**

We uphold the highest standards of ethical conduct and maintain transparency in all our operations and decision-making processes

#### **Our Beliefs**

We affirm that:

1. The Constitution of Kenya, 2010, is the supreme law of the land.
2. All Kenyans are equal and have inalienable rights.
3. Every citizen is a valuable member of the community.

4. All Kenyans deserve adequate representation and consultation by their elected officials.
5. Men and women must have equal opportunities in leadership, and in the enjoyment of economic, social, and cultural rights.

### **Purpose of the County Assembly Staff Mortgage Loan Scheme Fund**

The County Assembly Staff Mortgage Loan Scheme Fund exists to transform lives. It is the cornerstone of our efforts to improve the welfare of our employees by providing accessible, affordable housing finance. This purpose drives our strategy, which is anchored on three strategic pillars:

- Putting the Citizen First
- Delivering Relevant Services and Solutions
- Enhancing Operational Excellence

### **Strategic Pillars – Key Achievements**

#### **1. Sustainability Strategy and Profile**

The Assembly is committed to the realization of the Sustainable Development Goals (SDGs), integrating sustainability into governance, policy-making, and internal operations.

#### **2. Environmental Performance**

Through the establishment of an Environmental Committee, the Assembly is developing environmental and waste management policies. Implementation of strategies to reduce environmental impact is ongoing to ensure responsible practices in daily operations.

#### **3. Employee Welfare**

Staff recruitment and promotion follow the County Assembly Human Resource Manual and other relevant legal frameworks, ensuring fairness and gender representation. A performance appraisal system is currently being implemented to improve accountability and service delivery.

The Assembly also promotes capacity building through continuous staff training and development under the guidance of a dedicated Training Committee.

#### **4. Marketplace Practices – Responsible Competition**

The Assembly ensures fair and transparent procurement practices in all engagements. It collaborates with anti-corruption authorities, reviews supplier certifications, and emphasizes competitive pricing, innovation, and compliance with relevant laws.

## **5. Community Engagements**

Public participation is a key feature of legislative and development processes. In partnership with the County Executive, the Assembly has supported various corporate social responsibility (CSR) activities, including the distribution of food, agricultural inputs, and educational materials to vulnerable communities.

**11. Report of the Loan Management Committee**

The Loan Management Committee submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The objective of the County Assembly Staff Mortgage Loan Scheme Fund is to provide mortgage financing to eligible staff members of the County Assembly of Kiambu to enable them to purchase, develop, renovate, or repair residential property.

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 6

**Loan management committee**

The members of the Loan Management Committee who served during the year are shown on page xi to xiv

**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 to carry out the audit of the County Assembly Staff Loan Scheme fund for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

James Michira 13-10-2025

**Chairperson of the Loan Management Committee**

Date: ..... 13.10.2025

**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**12. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (County Assembly Staff Mortgage Loan Scheme, 2018) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the 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.

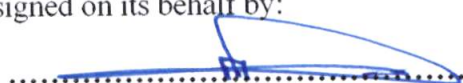
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (County Assembly Staff Loan Scheme Fund, 2018). 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.

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

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 13.10 2025 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY ASSEMBLY STAFF LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Assembly Staff Loan Scheme Fund set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

*Report of the Auditor-General on Kiambu County Assembly Staff Loan Scheme Fund for the year ended 30 June, 2025*

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kiambu County Assembly Staff Loan Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Assembly Staff Loan Scheme Fund Regulations, 2018 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unverified Interest Component in Current Portion of Long-Term Receivables**

The statement of financial position and Note 9 to the financial statements reflects a balance of Kshs.12,810,338 relating to current portion of long-term receivables from exchange transactions. Review of the supporting schedules for interest receivable revealed that the Fund included an amount of Kshs.101,412 for a staff member. The source and basis of the amount of Kshs.101,412 was not provided.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables balance of Kshs.12,810,338 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources,

respectively. Review of the status during audit of the Kiambu County Assembly Staff Mortgage Scheme Fund in 2024/2025 revealed that the following matters remained unresolved:

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Inaccuracies in Financial Statements
2	2023/2024	Staff Issued with More than One Loan
3	2023/2024	Loans not Deducted by the Check Off System

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Entity Information and Management, Loan Management Committee, Management Team, Report of the Fund Administrator Chairman's Statement, Report of the Fund Administrator, Statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Loan Management 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 Kiambu County Assembly Staff Loan Scheme Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Staff Issued with More than One Loan**

The statement of financial position and Note 9 to the financial statements reflects a balance of Kshs.151,158,137 relating to long term receivables from exchange

transactions. Review of mortgage loan documents revealed that one staff member with outstanding loan amount of Kshs.5,200,000 was issued with a top-up loan of Kshs.1,500,000 in October, 2024 when the previous loan had not been cleared. Further, the top-up facility lacked insurance cover and was not secured against the title deed, exposing the Fund to unsecured lending and increased credit risk. This was contrary to Regulation 17(4) of the Kiambu County Assembly (Staff Loan Scheme Fund) Regulations, 2018 which requires that a borrower granted a loan will not be eligible for a second loan until full payment of the first loan provided that no borrower shall be eligible for more than two loans.

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

## **2. Lack of an Approved Budget for the Operations of the Staff Loan Scheme Fund**

Review of the operations of the Kiambu Staff Loan Scheme Fund revealed that the Fund did not prepare or maintain a budget for the financial year under review. This is despite a disclosure in Note 4(b) to the financial statements on significant accounting policies on Budget Information that the original budget for FY 2025 was approved by the County Assembly on 19 June, 2024. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires that an Accounting Officer of a County Government entity shall execute their approved budgets based on the annual appropriation legislation and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund, or supplementary estimates.

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

## **3. Non-Performing Loan and Non-Assessment of Impairment of Long-Term Receivables**

The statement of financial position and Note 9 to the financial statements reflects a balance of Kshs.151,158,137 relating to long term receivables from exchange transactions. Included in this balance is a non-performing loan of Kshs.7,651,053 owed by a deceased employee of the County Assembly of Kiambu. The audit noted that the Mortgage Insurance cover was inactive at the time of her passing away with the last repayment was made on June, 2021. This was contrary to Regulation 21(1) of the Public Finance Management (Kiambu County Executive Staff Loan Scheme Fund) Regulations, 2018 on recovery of mortgage loans, which stipulates that where the repayment of a loan is not made in accordance with the terms and conditions of the loan, the sum of money due to the Fund shall be recoverable, without prejudice to any other remedy, in civil proceedings in a court of law.

Further, Note 4 to the financial statements on significant accounting policies states that trade and other receivables should be recognized at fair values less allowances for any uncollectible amounts. Despite this, Management did not assess the impairment of the financial assets as at the reporting date, which is non-compliant with IPSAS 41 – Financial Instruments.

In the circumstances, the recoverability of the outstanding amount of Kshs.7,651,053 and accuracy of the long-term receivables balance of Kshs.151,158,137 could not be confirmed. Further, Management was in breach of the law.

#### **4. Non-Remittance of Fringe Benefit Tax (FBT)**

The statement of financial performance and Note 7 to the financial statements reflects an amount of Kshs.4,419,021 under use of goods and services, which includes Kshs.4,407,748 relating to Fringe Benefit Tax (FBT) on staff loans. Review of supporting schedules revealed that staff of the County Assembly were advanced mortgage loans at an annual interest rate of 3%, below the prevailing market rate, thereby triggering FBT liability. However, Note 10 to the financial statements revealed that the Fund Administrator remitted only Kshs.1,445,611 to the Kenya Revenue Authority (KRA) on 25 June, 2025 and carried forward a balance of Kshs.2,962,137 to the subsequent financial year. This contravenes Tax Regulations which require FBT to be remitted by the 9th day of the following month.

Further, Note 10 to the financial statements discloses accrued expenses of Kshs.2,951,357 relating to FBT for the year ended 30 June, 2024. This amount was remitted on 21 August, 2024, contrary to the statutory timelines. This was contrary to Income Tax Act CAP 470 Revised Edition 2021 12B which states that notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in a month and shall be due and payable on or before the tenth day of the following month.

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

#### **5. Mortgage Loan Recovery from Former Employee not Effected through Check-Off**

The statement of financial position and Note 9 to the financial statements reflect a balance of Kshs.151,158,137 relating to long-term receivables from exchange transactions. Review of loan repayment schedules revealed that a former employee of the County Assembly of Kiambu, was advanced a mortgage loan of Kshs.12,500,000 in August, 2020 under the Staff Loan Scheme. Upon resignation, the officer remitted loan repayments totalling Kshs.804,000 directly to the Fund's bank account during the year. However, the repayments were not effected through the check-off system by her current employer, contrary to the Fund's loan recovery procedures. The absence of a formal recovery arrangement with the officer's current employer exposes the Fund to the risk of irregular or delayed loan recoveries and potential loan default, given that the loan remains outstanding. This also indicates a weakness in monitoring and enforcement of loan recovery mechanisms for staff who exit the County Assembly but retain outstanding obligations to the Fund.

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

## 6. Mortgage Loans with Expired Insurance Policies

The statement of financial position and Note 9 to the financial statements reflect a balance of Kshs.12,810,338 relating to the current portion of long-term receivables from exchange transactions. Review of insurance policies revealed existence of staff with expired insurance policies for their mortgages as shown below:

No.	Loan Amount Disbursed (Kshs)	Expiry of Insurance
1	3,500,000	01 December, 2024
2	6,000,000	05 July, 2024
3	6,000,000	28 September, 2024
4	8,000,000	12 April, 2023
	<b>23,500,000</b>	

This was contrary to Regulation 18 of the Kiambu County Assembly (Staff Lan Scheme Fund) Regulations, 2018 which requires that a borrower of a loan whose house is under construction shall take an insurance cover for the sum of the loan granted.

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

## 7. Lack of Valid Insurance Policies for Mortgage Loans

The statement of financial position and Note 9 to the financial statements reflects a balance of Kshs.12,810,338 relating to the current portion of long-term receivables from exchange transactions. Review of staff files revealed that two (2) staff members with outstanding mortgage loans of Kshs.7,500,000 and Kshs.5,200,000, respectively, did not have valid insurance policies, contrary to the established loan agreement terms and prudent risk management practices. The absence of insurance covers exposes the Fund to potential financial loss in the event of damage or default, contrary to Regulation 18 of the Public Finance Management (Kiambu County Assembly Staff Loan Scheme Fund) Regulations, 2018, which requires borrowers whose houses are under construction to maintain insurance cover for the full loan amount.

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

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

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

### Conclusion

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

*Report of the Auditor-General on Kiambu County Assembly Staff Loan Scheme Fund for the year ended 30 June, 2025*

## **Basis for Conclusion**

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

## **Responsibilities of the Management and 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 governance.

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

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

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

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**

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 also 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**


**09 December, 2025**


**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2024/2023
		Kshs	Kshs
<b>Revenue From Exchange Transactions</b>			
Interest Income	6	4,257,401	3,769,686
		<b>4,257,401</b>	<b>3,769,686</b>
<b>Total Revenue</b>		<b>4,257,401</b>	<b>3,769,686</b>
<b>Expenses</b>			
Use of goods and services	7	4,419,021	4,032,675
<b>Total Expenses</b>		<b>4,419,021</b>	<b>4,032,675</b>
<b>Deficit for the Period</b>		<b>(161,620)</b>	<b>(262,989)</b>

(The notes set out on pages 7 to 21 form an integral part of these Financial Statements)

  
 Name: John Mwivithi Mutie  
 Administrator of the Fund

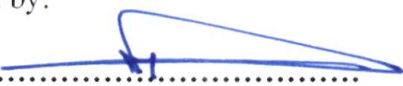
  
 Name: Sarah Nkatha Kiruki  
 Fund Accountant  
 ICPAK Member Number:6244


**County Assembly Staff Loan Scheme fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Financial Position As at 30 June 2025**

Description	Note	2024/2025	2024/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	8,150,617	5,534,562
Current Portion of Long- Term Receivables from Exchange Transactions	9	12,810,338	407,862
Other current financial assets	13	16,403,531	0
<b>Total current assets</b>		<b>37,364,486</b>	<b>5,942,425</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	9	151,158,137	132,731,039
<b>Total non- current assets</b>		<b>151,158,137</b>	<b>132,731,039</b>
<b>Total Assets (A)</b>		<b>188,522,623</b>	<b>138,673,463</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	10	52,962,137	2,951,357
<b>Total current liabilities</b>		<b>52,962,137</b>	<b>2,951,357</b>
<b>Total Liabilities (B)</b>		<b>52,962,137</b>	<b>2,951,357</b>
<b>Net Assets (A-B)</b>		<b>135,560,486</b>	<b>135,722,106</b>
<b>Represented By:</b>			
Revolving Fund		119,275,802	119,275,802
Accumulated Surplus		16,284,684	16,446,304
<b>Net Assets</b>		<b>135,560,486</b>	<b>135,722,106</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13.10.2025 and signed by:

.....  
  
**Name: John Mwivithi Mutie**  
**Administrator of the Fund**

.....  
  
**Name: Sarah Nkatha Kiruki**  
**Fund Accountant**  
**ICPAK Member Number:6244**

**County Assembly Staff Loan Scheme fund**  
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**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Accumulated surplus	Total
		Kshs	Kshs
<b>Balance As At 1 July (2023/2024)</b>	119,275,802	16,709,293	135,985,095
Deficit For the Period	0	(262,989)	(262,989)
<b>Balance As At 30 June (2023/2024)</b>	<b>119,275,802</b>	<b>16,446,304</b>	<b>135,722,106</b>
<b>Balance As At 1 July (2024/2025)</b>	<b>119,275,802</b>	<b>16,446,304</b>	<b>135,722,106</b>
Deficit For the Period	0	(161,620)	(161,620)
<b>Balance As At 30 June (2024/2025)</b>	<b>119,275,802</b>	<b>16,284,684</b>	<b>135,560,486</b>

**County Assembly Staff Loan Scheme fund**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	No te	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received		4,189,248	3,786,307
<b>Total receipts</b>		<b>4,189,248</b>	<b>3,786,307</b>
<b>Payments</b>			
Bank charges		(11,273)	(2,215)
Fringe Benefit Tax on staff loans		(4,396,968)	(7,286,214)
<b>Total payments</b>		<b>(4,408,241)</b>	<b>(7,288,429)</b>
<b>Net cash flows from operating activities</b>	11	<b>(218,994)</b>	<b>(3,502,122)</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		9,238,579	6,671,516
Loan disbursements paid out		(40,000,000)	(2,500,000)
<b>Net cash flows used in investing activities</b>		<b>(30,761,421)</b>	<b>4,171,516</b>
<b>Cash flows from financing activities</b>			
Receipt of members' fund from Family Bank to KCB		50,000,000	0
Transfers to co-operative Bank account from KCB (A portion of 50,000,000)		(25,900,000)	0
Refunds from the County Assembly to KCB		9,496,469	0
<b>Net cash flows used in financing activities</b>		<b>33,596,469</b>	<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>2,616,055</b>	<b>669,394</b>
Cash and cash equivalents at 1 July	8	5,534,562	4,865,168
<b>Cash and cash equivalents at 30 June</b>	8	<b>8,150,617</b>	<b>5,534,562</b>

County Assembly Staff Loan Scheme fund  
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18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>	<b>a</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c*100</b>
<b>Opening Balance</b>	0	0	0	5,534,562	(5,534,562)	0
<b>Receipts</b>						
Interest Income	3,603,488	653,913	4,257,401	4,189,248	68,153	98%
<b>Total Income</b>	<b>4,257,401</b>	<b>374,604</b>	<b>4,632,005</b>	<b>9,723,810</b>	<b>(5,091,805)</b>	<b>0</b>
<b>Expenses</b>						
Use of goods and services (Fringe Benefit Tax)	4,407,748	0	4,407,748	4,396,968	218,500	99.76%
Use of goods and services (Bank Charges)	11,273	0	11,273	11,273	0	100.00%
<b>Total Expenditure</b>	<b>4,419,021</b>	<b>0</b>	<b>4,419,021</b>	<b>4,408,241</b>	<b>218,500</b>	<b>99.76%</b>
<b>Deficit For the Period</b>	<b>(161,620)</b>	<b>374,604</b>	<b>212,984</b>	<b>5,315,569</b>	<b>(5,310,305)</b>	

**Budget notes**

The change between the original and the final budget arose from the interest income for June 2024, which was received during the year under review.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>5,315,569</b>
1.	Refunds from the County Assembly to KCB	9,496,469
2.	Proceeds from loan principal repayments	9,238,579
3.	Loan disbursements paid out	(40,000,000)
4.	Transfer of fund from Family Bank to KCB	50,000,000

County Assembly Staff Loan Scheme fund  
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5.	Transfers to co-operative Bank account from KCB	(25,900,000)
	Closing Cash and Cash Equivalent 30.06.2025	<b>8,150,617</b>

**County Assembly Staff Loan Scheme Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025**

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**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

County Assembly Staff Loan Scheme Funds entity is established by and derives its authority and accountability from County Assembly Staff Loan Scheme Funds Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity's principal activity is to disburse Mortgage Funds to the Assembly Staff.

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

- (i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. IPSAS 43 – Leases did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.
IPSAS 44: Non- Current Assets Held for	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires,

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Sale and Discontinued Operations	<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. IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations –did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. IPSAS 45: Property Plant and Equipment –did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.</p>
IPSAS 46: Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value. IPSAS 46: Measurement–did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.</p>
IPSAS 47: Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users</p>

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	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. IPSAS 47: Revenue—did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.
IPSAS 48: Transfer Expenses	<i>Applicable 1<sup>st</sup> January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. IPSAS 48: Transfer Expenses-did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. IPSAS 49: Retirement Benefit Plans -did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1<sup>st</sup> January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> IPSAS 50:Exploration For & Evaluation of Mineral Resources-did not affect the operations or financial position of the County Assembly Staff Loan Scheme Fund.

**(i) Early adoption of standards**

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

#### **4. Summary of 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 entity and can be measured reliably.

###### **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 each period.

###### **Dividends**

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

###### **Rental income**

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

##### **b) Budget information**

The original budget for FY 2025 was approved by the County Assembly on 19<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2025 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**County Assembly Staff Loan Scheme Fund**  
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**Summary of Significant Accounting Policies (Continued)**

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**a) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**b) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

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

**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.

**County Assembly Staff Loan Scheme Fund**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025**

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**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**County Assembly Staff Loan Scheme Fund**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2025**

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**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

The Entity 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.

**Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates

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

**i) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Summary of Significant Accounting Policies (Continued)**

**j) 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.

**k) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**l) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**n) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made e.g.

**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. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is not included.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**Notes To the Financial Statements Continued**

**6. Interest income**

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	4,257,401	3,769,686
<b>Total Interest Income</b>	<b>4,257,401</b>	<b>3,769,686</b>

**7. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Bank Charges	11,273	2,215
Taxes – Fringe Benefit Tax on Staff Loans	4,407,748	4,030,460
<b>Total</b>	<b>4,419,021</b>	<b>4,032,675</b>

**8. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs	Kshs
Kiambu County Assembly Mortgage Scheme – KCB A/c No. 1183112904	8,150,617	5,534,562
<b>Total Cash and Cash Equivalents</b>	<b>8,150,617</b>	<b>5,534,562</b>

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1183112904	8,150,617	5,534,562
<b>Totals</b>		<b>8,150,617</b>	<b>5,534,562</b>

**9. Receivables from exchange transactions**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	476,016	407,862
Current Portion of Loan Repayments	12,334,323	0
<b>Total Current Receivables</b>	<b>12,810,338</b>	<b>407,862</b>
<b>Non-Current Receivables</b>		

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Long-Term Loan Repayments	151,158,137	132,731,039
<b>Total Non- Current Receivables</b>	<b>151,158,137</b>	<b>132,731,039</b>
<b>Total Receivables from Exchange Transactions</b>	<b>163,968,475</b>	<b>133,138,901</b>

<b>Interest Receivable Analysis –Note 9</b>	Amount (KES)
Interest Receivable June 2024-Bal b/f	<b>407,862</b>
Interest income earned (July 2024-June 2025)	4,257,401
Interest received (June 2024-May 2025)	(4,189,247)
<b>Totals</b>	<b>476,016</b>

<b>Receivables from exchange transactions Analysis-Note 9</b>	
<b>Description</b>	<b>Amount (KES)</b>
Opening Balance	132,731,039
Add: Loans Disbursed	40,000,000
Less: Principal Repayments	(9,238,579)
<b>Totals</b>	<b>163,492,460</b>

Totals Receivables (Interest receivables+Receivable from exchange transaction)	<b>163,968,475</b>
--	--------------------

**Additional disclosure on interest receivable**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	407,862	424,483
Accrued interest receivable from of long-term loans of previous years	424,483	404,758
Interest receivable from current portion of long-term loans issued in the current year	476,016	407,862
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	12,334,323	6,671,516
Accrued principal from long-terms loans from previous periods	132,731,039	136,902,554
Current portion of long-term loans issued in the current year	151,158,137	132,731,039

**10. Trade and other payables from exchange transactions**

Description	2024/2025	2023/2024
	Kshs	Kshs
Members' mortgage fund payable	50,000,000	0
Accrued Expenses-Fringe Benefit Tax	2,962,137	2,951,357
<b>Total Trade and Other Payables</b>	<b>52,962,137</b>	<b>2,951,357</b>

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Ageing analysis (Trade and other payables)	2024/2025	% of the Total	2023/2024	% of the Total
	Under one year	52,962,137	100%	2,951,357
<b>Total (tie to above total)</b>	<b>52,962,137</b>	<b>100%</b>	<b>2,951,357</b>	<b>100%</b>

Additional notes on Trade and other payables from exchange transactions

- As at 30 June 2025, a total of Ksh 2,962,137 Fringe Benefit Tax relating to staff loans for FY 2024/2025 remained unpaid and is included in trade and other payables under current liabilities.

<b>Fringe Benefit Tax analysis</b>	<b>Kes.</b>
Fringe Tax Expenses for FY 2024/2025	4,407,748
Fringe Tax payable as at June 30,2024	2,951,357
<b>Totals F.B. T</b>	<b>7,359,105</b>
Fringe Benefit paid in the FY 2024/2025	(4,396,968)
<b>Accrued Expenses-Fringe Benefit Tax</b>	<b>2,962,137</b>

- Members' mortgage fund payable, During the financial year ended 30th June 2025, the County Assembly Staff Loan Scheme Fund received KShs 50,000,000 on 21/08/2024 from Family Bank members' fund account (005000047655)

**11. Cash generated from operations.**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(161,620)</b>	<b>(262,989)</b>
<b>Working Capital Adjustments</b>		
(Increase)/Decrease in Receivables	(68,154)	16,621
(Decrease)/Increase in Payables	10,780	(3,255,754)
<b>Net Cash Flow from Operating Activities</b>	<b>(218,994)</b>	<b>(3,502,122)</b>

**12. 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:

- The County Government;
- The Parent County Government Ministry;
- Key management;
- Loan Management Committee.

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**b) Related party transactions**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From Related Parties'-Family Bank	50,000,000	0
Transfers To Related Parties-Cooperative Bank	25,900,000	0

**Additional disclosure for Related Party Transactions**

During the financial year ended 30th June 2025, the Fund received KShs 50,000,000 on 21/08/2024 from Family Bank and transferred KShs 25,900,000 on 17/10/2024 to Co-operative Bank.

**c) Due to related parties**

The Fund had no contingent liabilities as at 30th June 2025 and 30th June 2024.

**13. Other current financial assets**

As at 30 June 2025 funds which had been borrowed and refunded are analyzed as follows :

	2024/2025	
Dates	Other current financial assets	Kes.
17/10/2024	A portion of Kshs. 50,000,000 was transferred, being Kshs. 25,900,000, from KCB Bank Account No. 1183112904 to Co-operative Bank Account No. 01141371712200.	25,900,000
13/12/2024	1st Refund from the County Assembly to Kenya Commercial Bank (KCB) Account No. 1183112904	(2,313,339)
14/02/2025	2nd Refund from the County Assembly to Kenya Commercial Bank (KCB) Account No. 1183112904	(4,564,000)
26/05/2025	3rd Refund from the County Assembly to Kenya Commercial Bank (KCB) Account No. 1183112904	(2,619,130)
	Totals Refunds from County Assembly to Kenya Commercial Bank Account No. 1183112904	(9,496,469)
	<b>Other current financial assets</b>	<b>16,403,531</b>

**1. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in

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the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	163,968,475	163,968,475	0	0
Bank Balances	8,150,617	8,150,617	0	0
<b>Total</b>	<b>172,119,092</b>	<b>172,119,092</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	133,138,901	133,138,901	0	0
Bank Balances	5,534,562	5,534,562	0	0
<b>Total</b>	<b>138,673,463</b>	<b>138,673,463</b>	<b>0</b>	<b>0</b>

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

The entity has no significant concentration of credit risk.

The Loan Management Committee 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 entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (2024/2025)</b>				
Trade Payables	0	0	0	0

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Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June (2023/2024)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 optimizing 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 Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (2024/2025)</b>			
Financial Assets	0	0	0

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Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(2024/2025)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>(2023/2024)</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity'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 endeavored to bank with institutions that offer favorable interest rates.

**Sensitivity analysis**

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

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statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs Nil (2025: Kshs Nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs Nil (2025 – Kshs Nil).

**d) 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 entity capital structure comprises of the following funds:

Description	2024/2025	2023/2024
	Kshs	Kshs
Revolving fund	119,275,802	119,275,802
Accumulated surplus	16,446,304	16,284,684
<b>Total funds</b>	<b>135,722,106</b>	<b>135,560,486</b>
Less: cash and bank balances	(8,150,617)	(5,534,562)
Net debt/(excess cash and cash equivalents)	(8,150,617)	(5,534,562)
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**2. Events after the reporting period**

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

**3. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Act (County Assembly Staff Loan Scheme Fund) regulation 2018. Its ultimate parent is the County Government of Kiambu.

**4. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRO/CAK-SLSF/2023/2024/(20)	Inaccuracies in the Financial Statements The statement of financial position reflects a balance of Kshs.407,863 relating to current portion receivables from exchange transactions as disclosed in Note 13 to the financial statements. Included in this amount is Kshs.115,594 relating to interest receivable from a member of staff P/No 2003022158 as disclosed in the schedule provided for audit. However, review of the amortization schedule revealed an amount of	The statement of financial position shows a balance of Kshs 407,863 relating to the current portion of receivables from exchange transactions, as disclosed in Note 13. Included in this amount is Ksh 115,594 interest receivable from David Ngure. The interest receivable in June 2024 was kshs 12,257. However, the overall interest receivable was kshs. 115,594, including ksh 103,337, which is still overdue, resulting from recoveries that are yet to be deposited to the Assembly account from Kiambu County Government when the officer was seconded to the entity. The Assembly	Ongoing	June 30,2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.12,257 as receivable from the member of staff leading to an overstatement of the interest receivable in the financial statements by an amount of Kshs.103,337.</p> <p>Further, the schedule provided in support of the long-term receivables from exchange transactions balance of Kshs.132,731,039 reported in the statement of financial position and Note 13 to the financial statements revealed an amount of Kshs.5,672,956 receivable from a member of staff P/No 2003022158 whereas the loan amortization</p>	<p>is engaging the County Government to pay the outstanding recoveries that is still overdue for the officer.</p> <p>The long-term receivables from exchange transactions balance of Kshs.132,731,039 reported in the statement of financial position and Note 13 to the financial statements included an amount of Kshs.5,672,956 for member of staff P/No 20130035120 which was the loan outstanding in the year under review. A copy of the loan amortizations for the staff has been attached for audit verification</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>schedule reflected an amount of Kshs.4,902,916 resulting to an unexplained variance of Kshs.770,040.</p> <p>In the circumstance, the accuracy of the financial statements could not be confirmed.</p>			
OAG/NRO/CAK-SLSF/2023/2024/(20)	<p>1. Staff Issued with More than One Loan The statement of financial position reflects a balance of Kshs.132,731,039 relating to long term receivables from exchange transactions as disclosed in Note 13 to the financial statements. Review of sampled mortgage loans issued to staff revealed that staff members were issued with top-up loans when the</p>	<p>As per the audit findings, staff members were issued top-up loans while servicing their existing ones. The staff mortgage loans scheme fund is not adequately funded; thus, staff members are not in a position to get their full loan entitlements. This necessitates staff members to access their loan entitlements in piecemeal, in form of top up. The management ensures that no staff has access to more than their loan</p>	Ongoing	June 30,2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>previous loans had not been cleared as shown in Appendix 1. This was contrary to Regulation 17(4) of the Kiambu County Assembly (Staff Mortgage Scheme Fund) Regulations, 2018 which requires that a borrower granted a loan will not be eligible for a second loan until full payment of the first loan provided that no borrower shall be eligible for more than two loans. In the circumstances, Management was in breach of the law.</p>	<p>entitlements as per Kiambu County Assembly staff mortgage scheme funds regulation 2018 section 12(4) and as guided by the Salaries and Remuneration Commissions (SRC) Appendix 2.</p>		
OAG/NRO/CAK-SLSF/2023/2024/(20)	<p>2.Loans not Deducted by the Check Off System The statement of financial position reflects a balance of</p>	<p>Ms. Angella Wanjiru Kagunyi ID No.27455200 was advanced mortgages of Ksh 12,008,0973 on 25 June 2020. Ms.Angela Kagunyi ceased to be a</p>	Ongoing	June 30,2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.132,731,039 relating to long term receivables from exchange transactions. It was however noted that an officer ID No.27455200 was advanced a mortgage of Kshs.12,008,973 on 25 June, 2020. Audit review of loan schedules provided for audit revealed that the officer was not deducted monthly deductions from the Integrated Payroll in the year under review amounting to Kshs.798,588. This therefore exposes the Fund to the risk of losses from defaulting members and was contrary to Regulation 12(4) of the Public Finance Management (Kiambu County</p>	<p>County Assembly employee thus she continues to repay the loans on the same terms as set out in the "County Assembly Staff Loan Scheme Fund "regulation 2018. This arrangement is provided for under section 20 subsection 3 of County Assembly Staff Loan Scheme Fund regulation "2018. The officer has never defaulted on her repayment.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Assembly Staff Mortgage Scheme Fund) Regulations, 2018, which requires that a loan granted shall be based on borrower's ability to repay, shall not exceed the maximum loan threshold set out in the schedule and shall be repaid by check off system. In the circumstances, Management was in breach of the law.</p>			
OAG/NRO/CAK-SLSF/2023/2024/(20)	<p>3.Lack of Insurance Policy for the Mortgage Properties Audit review of staff personal files with existing mortgage loans revealed that the insurance policy for one (1) member of staff P/No 1995008742 was not provided and</p>	<p>The insurance policy for staff P/No 1995008742 has been forwarded for audit verification to ascertain the status of the insurance policy. Appendix 4. The Management will ensure that members of staff will insure their properties with an insurance policy for the mortgage</p>	Ongoing	June 30,2026

**County Assembly Staff Loan Scheme Fund  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the audit could not ascertain the status of the insurance policy. Further, although the mortgage protection policy was provided for the members of staff as at Appendix 2 that covered the credit life of the borrowers, insurance policy for the mortgaged residential properties were not provided for audit and this exposes the Scheme to loss of funds in the event of a disaster and also was contrary to Regulation 18 of the Public Finance Management (Kiambu County Assembly Staff Mortgage Scheme Fund) Regulation, 2018 which provides that a borrower of a loan whose</p>	<p>residential properties as provided by Regulation 18 of the Public Finance Management (Kiambu County Assembly Staff Mortgage Scheme Fund) Regulation, 2018</p>		


**County Assembly Staff Loan Scheme Fund  
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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)
	house is under construction shall take an insurance cover for the sum of the loan granted. In the circumstances, Management was in breach of the law.			

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (Clerk, County Assembly of Kiambu)

  
Date..... 21/10/2025

County Assembly Staff Loan Scheme Fund  
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Annex II: Inter-Fund Confirmation Letter



County Assembly Staff Loan Scheme Fund  
[1492-00900]

The County Assembly Staff Loan Scheme Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by County Assembly Staff Loan Scheme Fund as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by the County Assembly Staff Loan Scheme Fund (Kshs) as at 30 <sup>th</sup> June 2025				Amount Received by the beneficiaries (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter–entity transfer (C)	Total (D)=(A+B+C)		
1. KCG/FEP/11/02/VOLX (38)	21/08/2024	0	0	50,000,000	50,000,000	50,000,000	0
<b>Totals</b>		<u>0</u>	<u>0</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>0</u>
In confirm that the amounts shown above are correct as of the date indicated.							
<b>Head of Accountants department of beneficiary Fund:</b>							
Name <u>Sarah Kiriku</u> Sign <u>[Signature]</u> Date <u>13/10/2025</u>							

**County Assembly Staff Loan Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Project Name	Project Description	Project Objectives	Project Activities	Project Activities				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A