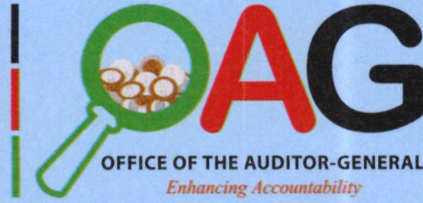


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REPORT

OF

THE AUDITOR-GENERAL

ON

**KISII COUNTY ASSEMBLY MEMBER'S
LOANS AND MORTGAGE FUND**

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

PAPERS LAID	
DATE	12.11.25.
TABLED BY	S. M. L.
COMMITTEE	-
CLEAR OF THE TABLE	Angela.



**KISII COUNTY ASSEMBLY
MEMBER'S LOANS AND MORTGAGE FUND**

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

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

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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Kisii County Assembly Member's Loans and Mortgage Fund
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1. Acronyms and Definition of Key Terms

A. Acronyms

A/C	Account
BOM	Board of Management
CASB	County Assembly Service Board
CBK	Central Bank of Kenya
ECL	The expected credit loss
F/Y	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IR	In Receivership
KCB	Kenya Commercial Bank
KDIC	Kenya Depository Insurance Corporation
Kshs	Kenya Shillings
LTD	Limited
MCA	Member of County Assembly
NBV	Net Book value
OAG	Office of Auditor General
PFM	Public Finance Management
PPE	Property, Plant and Equipment
PSASB	Public Sector Accounting Standards Board
SBM	State Bank of Mauritius
SNA	System of National Accounts SNA
SRC	Salaries and Remuneration Commission

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

2. Key Entity Information and Management

a) Background information

Kisii County Assembly Member's Loan and Mortgage Fund is established by and derives its authority and accountability from Kisii County Assembly Loan and Mortgage Fund Schemes Act, 2018. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The object and the purpose of the fund is to enable loans and mortgages to be advanced to members and employees of the Kisii County Assembly as maybe prescribed by the Salaries and Remuneration Commission (SRC).

Section 116 of the Public Finance Management Act, 2012 empowers the County Executive Committee member for Finance to establish County Public Funds with approval of the County Executive Committee and the County Assembly. Subsection 7 requires the administrator of the County public fund to prepare accounts for each financial year and submit them to the Auditor General.

Arising from the above-mentioned provisions and as advised by the Salaries and Remuneration Commission (SRC) on the benefits to be enjoyed by the members of the County Assemblies, vide circular ref; SRC/TC/CGOVT/3/16 dated 27th November, 2013, the Kisii County Executive Committee Member for Finance and Economic Planning authorised the establishment of the Car loan and Mortgage scheme fund with the approval of County Assembly in April 2014. Chase Bank (K) was subsequently appointed the first administrator of the Fund. Currently State Bank of Mauritius (SBM BANK) is the administrator of the Fund after Chase Bank Ltd went under Receivership in April 2016.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide Mortgages and Car loans to Members of Kisii County Assembly and Staff.

Vision

A model fund of choice for Members and Staff of County Assembly of Kisii.

Mission

To provide affordable, accessible and sustainable Mortgages and Car loans to Members and Staff of the County Assembly of Kisii.

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

Kisii County Assembly Member's Loans and Mortgage Fund
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c) Fund Administration Committee

Ref	Name	Position
1	Hon. Henry Moracha	Chairperson
2	Hon. Denis Ombachi	Vice chairperson
3	Hon. Ibrahim Mose	Member
4	Mr. Jacob Onkeo	Secretary
5	Mr. Moses Ratemo	Member
6	Mr. Robin Nyakundi	Member
7	Ms Brenda Nyamwaya	Member

d) Key Management Team

Ref	Name	Position
1	Mr. Jacob Onkeo	Fund Administrator
2	Mr. Dennis Aamba	Fund Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

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

SN	Position	Name
1	Directorate Internal Audit	Mr. Elias YogeNgere
2	Staff car Mortgage and car Loan Advisory Committee	
3		

f) Registered Offices

P.O. Box 4552- 40200
 Old Municipal Building
 Kisii - Kilgoris Road/Highway
 Kisii, KENYA

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

g) Fund Contacts

Telephone: (254) 0208029160

E-mail: countyassembly@kisii.go.ke

Website: www.kisii.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. SBM Bank Limited
Kisii Branch
P.O Box 34886-00100
Nairobi.

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


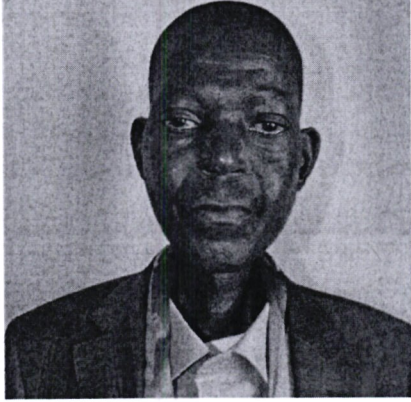

The Director
Legal and Legislative Services
Kisii County Assembly,
P.O. Box 4552-40200
Kisii.

**Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Hon. Henry Moracha MCA Bassi Central Ward Leader Majoriy.</p>	<p>Hon. Henry Moracha – Chair – Loan and Mortgage Management Committee</p> <p>Hon. Henry Moracha was elected as the Leader Majority Party in the 3rd Assembly on September 2022. He is the Member of County Assembly for Bassi Central ward. He is serving in the second term as a Member of County Assembly having been elected to the first Assembly County Assembly in 2013. During his tenure in the first Assembly, he was the Chief Whip Majority and brought several pieces of legislation and motions. Currently he is the chairperson of the selection committee, vice chairperson of committee on appointment and a Member of House Business committee. Date of Birth. 15/11/1989</p>
 <p>Mr. Jacob M. Onkeo</p>	<p>Mr. Jacob M. Onkeo- Mr. Jacob Onkeo is a Masters Holder of Education Planning and Economics from the Kenyatta University and Bachelor of Arts in Education from the same University. He is currently pursuing his PhD. Earlier he served as a teacher in several high schools and later promoted to Deputy Principal. He worked as a part time lecturer in Kisii University and Kenya Institute of Management. He is also the Chairman of the school Board of Management.</p> <p>He joined the County Assembly of Kisii as a principal research Officer and later promoted to the Director Chamber and procedural services. Currently is acting as the Clerk and Secretary to the County County Assembly Service Board. His duties include rendering of procedural advisory to the Speaker and Members of County Assembly. He is also the chief administrative officer, accounting and authorised officer of the County Assembly.</p> <p>Mr. Onkeo is a dedicated and Experienced public servant committed to promote transparency, accountability and good governance. Date of Birth. 20/04/1972</p>

**Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

Clerk	
 <p data-bbox="169 819 459 853">Hon. Denis Ombachi</p>	<p data-bbox="730 365 1414 584">Hon. Denis Ombachi is an Elected Member of County Assembly representing Marani Ward. He is the Leader of Minority in the County Assembly. Hon. Ombachi is the vice chairman of the Car Loan and Mortgage Fund Management Committee. Date of Birth.19/01/1969</p>
 <p data-bbox="185 1312 464 1346">Hon. Ibrahim Mose</p>	<p data-bbox="730 887 1414 1066">Hon. Ibrahim Mose: He is an Elected Member of County Assembly from Bobaracho Ward. He was appointed to be a Member in the Loan and Mortgage Fund Management Committee to represent special interest groups.</p> <p data-bbox="730 1077 1414 1144">He has a wealth of experience in Management. Date of Birth.01/01/1969</p>
 <p data-bbox="169 1872 432 1906">Mr. Moses Ratemo</p>	<p data-bbox="730 1373 1414 1440">Mr. Moses Ratemo is currently serving as the Director Finance and Accounting Services.</p> <p data-bbox="730 1451 1414 1637">He holds a Bachelor of Commerce Degree in Accounting Option from Egerton University and a Masters in MBA Accounting option from Mt. Kenya University. He is Member in the Loan and Mortgage Fund Management Committee.</p> <p data-bbox="730 1671 1414 1783">Mr. Ratemo has over 20 Years' experience in Accounting and Finance in public Service. Date of Birth. 08/01/1977</p>

**Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**



Mr. Robin Nyakundi

Mr. Robin Nyakundi is currently serving as a Finance Officer at Kisii County Assembly and he is a Member in the Loan and Mortgage Fund Management Committee.

He holds a Bachelor of Business and Management, Banking and Finance Option from Kisii University.

He boasts 11 years' experience in Finance and Accounting in public Service. Date of Birth.28/08/1989





Ms Brenda Nyamwaya

Ms Brenda Nyakanga Nyamwaya is an Advocate of High Court of Kenya holds a Bachelor of Law Degree (L.L.B) from the Catholic University of Eastern Africa. She holds a Post-graduate diploma from The Kenya School of Law.

She is currently serving as a Senior Legal Counsel with 4 years' experience at Kisii County Assembly and a Member of the Loan and Mortgage Fund Management Committee. Date of Birth.14/04/1993

**Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

4. Management Team

Name	Details of qualifications and experience
 <p>Mr. Jacob M. Onkeo Clerk</p>	<p>Mr. Jacob M. Onkeo-Mr. Jacob Onkeo is a Masters Holder of Education Planning and Economics from the Kenyatta University and Bachelor of Arts in Education from the same University. He is currently pursuing his PhD. Earlier he served as a teacher in several high schools and later promoted to Deputy Principal. He worked as a part time lecturer in Kisii University and Kenya Institute of Management.</p> <p>He is also the Chairman of the school Board of Management. He joined the County Assembly of Kisii as a principal research Officer and later promoted to the Director Chamber and procedural services.</p> <p>Currently is the acting as the Clerk and Secretary to the County County Assembly Service Board.</p> <p>His duties include rendering of procedural advisory to the Speaker and Members of County Assembly. He is also the chief administrative officer, accounting and authorised officer of the County Assembly.</p> <p>Mr. Onkeo is a dedicated and Experienced public servant committed to promote transparency, accountability and good governance. Date of Birth. 20/04/1972</p>
 <p>CPA Dennis Aamba- Fund Accountant</p>	<p>CPA Dennis Aamba–Fund Accountant</p> <p>CPA Dennis Aamba is currently serving as a Finance Officer at Kisii County Assembly. He holds a Bachelor in Business Management Accounting option from Maasai Mara University, Masters in Business Administration Finance Option from The University of Nairobi and is currently pursuing a PHD in Business administration Finance option from The University of Nairobi.</p> <p>He is a member of ICPAK in Good Standing. CPA Aamba is a chairperson of the Board of Management in High school.</p> <p>He boasts 12 years’ experience in Accounting, Audit and Finance in Public Service. Date of Birth.10/10/1980</p>

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

5. Board/Fund Chairperson's Report

The Financial Statements of the Kisii County Assembly Member's Loan and Mortgage Fund was prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) and in compliance with Section 107 and 149 of Public Finance Management Act, 2012.

The principal objective and purpose of establishing the fund was to enable members of the County Assembly and Staff to acquire Member's loans and Mortgage Fund facilities. This would better their Economic and Social welfare and improve on Service Delivery in their line of duty. The Salaries and Remuneration Commission (SRC), through gazette notice No. 6516 dated 7th July, 2017 gave guidelines on the benefits to be enjoyed by each member. It allowed Members of the County Assembly a maximum Car loan of up to Kshs. 2 Million and a Mortgage facility not exceeding Kshs. 3 Million. However, the commission reviewed terms and allowed the merging of Car loan and Mortgage benefit for MCAs and advised that the benefits could be consolidated as one and be capped at Kshs. 5 Million for purchase of a Car and/or Mortgage facility. This was through Circular Ref. No: SRC/TS/CAF/3/61/49(46) dated 13 December, 2017.

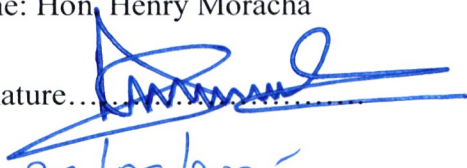
In this Third Assembly, the Management of the Fund cumulatively advanced a total of **Kshs. 352,554,310** Car Loan and Mortgage funds to Members. As at the Financial Year ended 30th June, 2025 68 County Assembly Members including the Speaker benefited from this Facility. We are glad that the Recovery process is going on well. We have so far recovered **Kshs. 184,925,507** with an outstanding amount of **Kshs. 167,628,803**.

Further, the Fund Management Committee is deliberating on possible modalities of ensuring that Members of staff start benefiting from this facility in future.

I look forward to your continued support in the 2025/2026 financial year.

Name: Hon. Henry Moracha

Signature.....



Date.....

29/09/2025

Chairperson of the Fund

Kisii County Assembly Member’s Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

6. Report of The Fund Administrator

We entered into a Memorandum of Understanding with the Kisii County Assembly Service Board on 6th December 2017 after a series of meetings. During that period i.e. from 2013 to 2017, we disbursed Kshs. 260 million to 72 members of County Assembly. By the time we were disbursing the loans, nearly all members of County Assembly did not qualify for full amounts because enough seed money was not deposited with the bank as the Assembly appeared to have funding challenges. This explains the fact that only Kshs. 260 million was disbursed to MCAs as opposed to Kshs. 360 million that would have allowed disbursement of Kshs. 5 million to each MCA as per the SRC guidelines then.

By August 2017, all loans had been fully repaid. We did not face any challenges in recoveries save for the fact that the bank (Chase Bank Ltd) was put under receivership in April 2016. In the month of September 2017, the County Assembly Service Board asked for a full refund of Kshs. 260 million from the bank. During this period, the bank was under receivership and such refund would not have been possible. A number of meetings were held between the Bank, The Receiver Manager and the Kisii County Assembly Service Board. Subsequently, with the concurrence of the Central Bank of Kenya, funds were availed to the tune of Kshs. 336 million for disbursement to the MCAs.

Since November 2022, a total of 68 loan beneficiaries received **Kshs. 352,554,310**. The management has since recovered **Kshs. 184,925,507** leaving an outstanding loan balance of **Ksh. 1167,628,803** as at 30th June, 2025.

It is my pleasure to present the Kisii County Member’s loan and Mortgage Fund financial statements for the F/Y ended 30th June, 2025. The financial statements present the financial performance of the fund over the past year.

Financial Performance

a) Revenue

In the F/Y ended 30th June, 2025, the fund had projected revenues of Kshs. 3,900,000 earned from deposit booking which earned an actual income of Kshs. 3,779,649.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
Revenue			
Public contributions and donations	-	-	-
Transfers from County Govt.	-	-	-
Interest income from deposits	3,900,000	3,779,649	97%
Finance cost	(600,000)	(566,947)	94%
Other income	-	-	-
Total income	3,300,000	3,212,702	97%

Kisii County Assembly Member’s Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

COMPARISON BETWEEN REVENUE BUDGET AND ACTUALS



b) Loans

During the financial 30th June, 2025, total loans of **Kshs. 352,554,310** were disbursed. Only 68 Members including the Speaker got loans except 6 who are awaiting determination of their election petitions pending in court. Efforts on effective and appropriate loan recoveries are on, geared towards ensuring that there are no defaults. As at 30th June, 2025 a total of **Kshs. 184,925,507** has already been recovered with an outstanding balance of **Kshs. 167,623,803**.

Cash flows

In the financial year ending 30th June, 2025, the cash and cash equivalents balance brought down was **Ksh. 88,336,533**. Total loan recoveries during the year was **Kshs. 82,474,087**. A total of **Kshs. 184,925,507** loan recoveries were made as at 30th June, 2025 leaving an outstanding loan balance of **Kshs. 167,628,803**. The interest earned from fixed Deposit amounted to **Kshs.3, 212,702** for the year ended 30th June 2025.

c) Conclusion

FY 2024/2025 was a good one in general. Good progress was made and the momentum has been created to enable Kisii Car loan & Mortgage fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years. I therefore take this opportunity to thank the board of trustees for their support. I would also want to thank all the members of the County Assembly and staff whom we have worked with hand in hand to ensure that Kisii Car loan & Mortgage fund achieves its mission. We are looking forward to working with you.

Signed: _____

Name: Jacob M. Onkeo
Clerk, Kisii County Assembly

**Kisii County Assembly Member’s Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

7. Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) 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 Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for 2018 to 2023 are to:

- a) Provide funds to enable loans and mortgage to be advanced to members and employees of the Kisii County Assembly for the purchase, development, renovation or repair of property and or the purchase of vehicles.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Nil Number of mortgages successfully applied	0 % of staff taking Mortgage facilities	During FY ,2024/2025 Members of staff did not access the facility because of lack of funds.
Provision of Car loan and Mortgage facilities to all members of County Assembly	To ensure all Members of County Assembly have access to Car loan and Mortgage facilities.	68 Members of County Assembly successfully applied for Car loan and Mortgages.	92 % of Members of County Assembly took Car loan and Mortgage facilities.	During FY ,2023/2024 Six (6) Members of County Assembly were not able to access the facility because; three of them had a petition in court while the other three were not willing to take the facility.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

8. Corporate Governance Statement

The Fund

The Kisii County Assembly Car Loan Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide Car loans and Mortgage to members of the County Assembly and staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of trustees at its apex. The operations of the fund are governed by Kisii County Assembly Car Loan and Mortgage Act 2018. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

The Loan and Mortgage Management Committee

Section 7(1) of Kisii County Assembly Member's Loan and Mortgage Fund Act, 2018 provides that the Committee shall consist of the following members:

- (a) The leader of Majority party who shall be the chairperson;
- (b) The leader of minority party who shall be the vice chairperson;
- (c) Two members of the county assembly of different gender, nominated by the members of county assembly to represent special interest groups;
- (d) One person of the public appointed to the County Assembly Service Committee under section 12 (3) (d) of the County Government Act (2012).
- (e) The Clerk who shall be the secretary to the committee.
- (f) The Director, Finance and Budget Affairs
- (g) Two members of different gender representing the staff in the committee"

The Committee is responsible for the long-term strategic direction of the fund and recruitment of the Fund Administrator and senior management. The Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Committee members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the board of trustees is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

All members of the Committee have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The trustees are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties. At the end of each financial year, the Committee, its sub-committees, individual members

Kisii County Assembly Member’s Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

and the Fund Administrator are evaluated by an independent body against targets agreed to at the beginning of the year.

Committee Meetings

The board of trustees meets quarterly or as required in order to monitor the implementation of the fund’s strategic plan and achievement of the targets in the performance contract signed with the county assembly. The board of Management also plays an oversight role over all other financial and operational issues. The Management held twenty four board meetings during the ended 30th June, 2025.

Audit and Risk Committee

In ensuring that corporate governance and integrity is enhanced in between the governance of the fund, the board of trustees has established an audit and risk committee. The committee was established to advice the board of trustees on institutional risk management and compliance. The committee held five meetings during the year. The committee also met the Fund’s external auditors OAG to deliberate on risk management issues. The members of this committee during the year under review were:

S/No.	Name	Position	Period Served
1	CPA Evans O. Onwonga	Chairperson	10 th August 2023 to date
2	Ms. Lydia M. Orina	Member	10 th August 2023 to date
3	Mr. Bonface O. Ondoro	Member	10 th August 2023 to date
4	Elias Y.Ngere	Member	10 th August 2023 to date

Statement of Compliance

The board of Management confirms that the fund has throughout the FY2024/2025 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fund conducted an external legal audit which confirmed that the institution had complied with all relevant laws, regulations and requirements.

Internal Control and Risk Management

The Committee members are responsible for reviewing the effectiveness of the Fund’s system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

Standing Instruction

The Fund has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the fund can meet its future management requirements.

Strategic Plan

The business of the Fund is determined by the strategic plan. The strategic plan sets out the objectives of the Fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on an annual basis.

Internal Control Framework

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the Audit and Risk Committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2024/2025.

Risk Management

The fund has in place a risk management framework which guides the fund in identifying, assessing and managing the risks. The fund has developed a risk register which documents and prescribes mitigating measures of all the risks both external and internal facing the fund. The risk management framework and register are regularly reviewed to incorporate any emerging issues in the operating environment. The risk management is coordinated by the head of internal audit, who reviews all the risks in the fund and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the audit and risk committee to assist the board in the management of risks.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

Management Team

The Management team headed by the Fund Administrator implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The Fund is audited by the Auditor-General.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

9. Management Discussion and Analysis

When SBM Bank took over the Management of the Kisii County Assembly Member's Loan and Mortgage Fund it inherited three (3) bank accounts that had been opened by Chase Bank (IR) which was under Receivership. It consolidated them to one Account namely **Kisii County Assembly, Mortgage and Car Loan Fund a/c. Number 0252096101001**. The Accounts held total deposits of **Ksh.540 Million**.

The three (3) deposit accounts had balances as follows;

	Account No.	Date Of Deposit	Amount (Ksh)	Total Balance
1.	0252096101002	28/04/2014 06/05/2014	30 Million 70 Million	100 Million
2.	025209101003	01/07/2014 24/09/2014 31/10/2014	40 Million 40 Million 50 Million	90 Million
3.	0252096101001	27/03/2015 08/02/2016 07/05/2018	20 Million 10 Million 30 Million	60 Million
4.	0252096101001	30/01/2019 15/04/2019	25 Million 25 Million	50 Million
5	0252096101001	30/12/2022	25 Million	25 Million
6	0252096101001	9/3/2023 17/4/2023 14/6/2023	25 Million 25 Million 25 Million	75Million
7	0252096101001	11/09/2023	50 Million	50 Million
8	0252096101001	23/11/23	50 Million	50 Million
	Total receipts since inception			540 Million

Note that **Kshs.260 million** was held by Chase Bank limited as at the time it was put under receivership in April 2016. Only **Kshs.1 million** could be withdrawn from each of the 3 accounts at that time. Therefore, Kshs.257 Million was held under moratorium and according to SBM Bank **25%** of this (**Kshs.64, 250,000**) is still held by Kenya Deposit Insurance Corporation (KDIC).

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The County Assembly has developed a five-year strategic plan (2018-2023) that outlines the Objectives and activities that will guide us in deepening our parliamentary culture and improving the administrative mechanisms of our institution to better serve the public. The plan provides a framework for resource planning to enhance the performance of the Assembly's Core mandate of Legislation, Oversight and Representation.

2. Environmental performance

The County Assembly through standing order 191 has established a standing Committee on Energy, Water, Environment & Natural Resources which is mandated to consider all matters relating to Implementation of specific government policies on Natural Resources and environmental conservation including Soil, Water, Forestry, Energy and Control of Air & water pollution and other public Nuisances.

3. Employee welfare

The County Assembly has developed a Human Resource Manual that outlines best human resource management practices and employee welfare. The assembly also has in place a training policy manual that guides in managing the training needs of the assembly. All the members of the County Assembly are covered under medical insurance scheme.

4. Market place practices-

a. Responsible competition practice.

All our engagements with suppliers, business partners and other stakeholders is done competitively through open platforms and in line with relevant laws and regulations. The Assembly emphasises Zero tolerance to corrupt practices.

b. Responsible Supply chain and supplier relations.

The Assembly has fully embraced the Electronic Procurement System through the Government recommended Integrated Financial Management Information System (IFMIS). All our procurement is done as per the Public Procurement and Disposal Act 2015. The management ensures Suppliers are promptly paid and discourages instances of accumulated pending bills.

c. Responsible marketing and advertisement. The County Assembly disseminates its marketing and advertising information through open media with a wider coverage. The assembly follows ethical marketing practices and favourably responds to feedback.

d. Product stewardship

The Assembly ensures that product Quality and Safety meets the acceptable standards. The inspection and acceptance committees take responsibility of making sure that products and services are of good and standard quality and meet user expectations.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

5. Corporate Social Responsibility / Community Engagements

The County Assembly of Kisii aims to improve the livelihoods of the people of Kisii County through effective Legislation, Oversight and Representation. We are guided by Our Core Values which include; Inclusivity, the rule of law, Democracy, Equity, good Governance, Integrity, Transparency and Accountability. The quest for The Kisii County Assembly Car Loan and Mortgage Fund Management to initiate Corporate Social Responsibility with a positive impact to Society has been hampered by lack of Resources.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

11. Report of the Trustees

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

Principal activities

The principal activities of the Fund are to enable members of the County Assembly and Staff to access mortgages and car loans as may be prescribed by the Salaries and Remuneration Commission.

Results

The results of the Fund for the year ended June 30, 2025 are set out on pages 1-29.

Members of the Loan and Mortgage Management Committee

The members of the Loan and Mortgage Management Committee who served during the year are shown on page vi and Section 2 of this document

Auditors

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

By Order of the Board

Hon. Henry Moracha



Chair of Loan and Mortgage Management Committee

Date: 29/09/2025

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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 Governments Act, 2012 and the County Assembly Services Act, No. 24 of 2017 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.

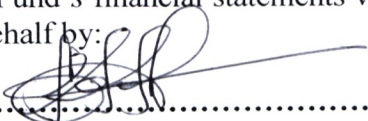
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Governments Act, 2012 and the County Assembly Services Act, No. 24 of 2017. 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 01/08/ 2025 and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY ASSEMBLY MEMBER'S LOANS AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

Report of the Auditor-General on Kisii County Assembly Member's Loans and Mortgage Fund for the year ended 30 June, 2025

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisii County Assembly Member's Loans and Mortgage Fund set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of 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 Kisii County Assembly Member's Loans and Mortgage Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Doubtful Long-Term Receivables from Non-Exchange Transactions

As previously reported, the statement of financial position reflects long-term receivables from non-exchange transactions balance of Kshs.64,250,000 as disclosed by Note 9 to the financial statements. The money was held in Kenya Deposit Insurance Corporation in relation to money that was held in the Chase Bank that went into receivership. However, the recoverability of the balance is not certain.

In the circumstances, the accuracy, completeness and recoverability of the balance of Kshs.64,250,000 in respect of long-term receivables from non-exchange transactions could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Cash and Cash Equivalents
2	2023/2024	Unsupported Interest Income
3	2023/2024	Unsupported Fund Administration
4	2023/2024	Unsupported Current Portion of Long-Term Receivables from exchange Transactions
5	2023/2024	Unsupported Long-Term Receivables from Exchange Transactions
6	2023/2024	Unsupported Long-Term Receivables from Non-Exchange Transactions
7	2023/2024	Unsupported Amounts in the Statement of Cash Flows
8	2023/2024	Unsupported Loan Disbursements
9	2023/2024	Failure to Register Charges on Securities
10	2023/2024	Lack of Mortgage Protection Policy and Motor Insurance

Other Information

The Management is responsible for the Other Information set out on page iv to xxiii which comprise Key Entity Information and Management, Fund Administration Committee, Management Team, Board/Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees 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 Kisii County Assembly Member's Loans and Mortgage Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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. Failure to Register Charges on Securities

As previously reported, review of the title deeds and log books securing the mortgages and car loans revealed that the Fund had not registered charges on the ownership documents to reflect its interest in the properties and secure the outstanding loans. This was contrary to the provisions of Regulation 16(1) of the Public Finance Management (Kisii County (Member's) Car Loan and Mortgage Scheme Fund) Regulations, 2018. Also, the Fund may not be able to recover the outstanding loan balance in case of default in repayment of the loans by the beneficiaries.

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

2. Lack of Mortgage Protection Policy and Motor Insurance

As previously reported, review of records revealed that the motor vehicles acquired through the loans granted to members did not have comprehensive insurance policies, contrary to the provisions of Regulation 18(1) of the Public Finance Management (Kisii County (Member's) Car Loan and Mortgage Scheme Fund) Regulations, 2018. Further, there were no charges registered on the property financed through mortgages granted and the Fund Administration Committee did not take custody of the ownership documents and title deeds contrary to the provision of Regulation 17(1) of the Public Finance Management (Kisii County (Member's) Car Loan and Mortgage Scheme Fund) Regulations, 2018. Therefore, the fund may not be able to recover the outstanding loan balance in case of any unforeseen occurrence or default in repayment of the loans by the beneficiaries.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of 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 the 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 Kisii County Assembly Member's Loans and Mortgage Fund 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, the 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 October, 2025

**Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**


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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Revenue From Exchange Transactions			
Interest Income earned from deposits	6	3,779,649	
Other Income	7	-	8,437,029
Total Revenue		3,779,649	8,437,029
Expenses			
Fund Administration Expenses	8	-	8,437,029
Use of goods and services			
Depreciation and Amortization Expense			
Finance Costs (Withholding tax)		566,947	
Total Expenses		-	8,437,029
Other Gains/Losses			
Gain/Loss on Disposal of Assets			
Gain /Loss on fair value of investments			
Surplus/(Deficit) for the Period		3,212,702	-

(The notes set out on pages 7 to 29 form an integral part of these Financial Statements)



Name: Jacob M. Onkeo
Administrator of the Fund



Name: Dennis O. Aamba
Fund Accountant
ICPAK Member Number: 17821


Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

15. Statement of Financial Position As at 30 June 2025

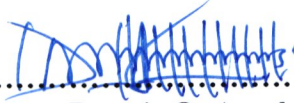
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	174,023,322	88,336,533
Current Portion of Long- Term Receivables from Exchange Transactions	10	84,898,949	82,617,937
Total current assets		258,922,271	170,954,470
Non-Current Assets			
Long Term Receivables from Exchange Transactions	10	82,729,854	167,380,726
Long Term Receivables from Exchange Transactions	12	64,250,000	64,250,000
Total non- current assets		146,979,854	231,630,726
Total Assets (A)		405,902,125	402,585,196
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions			
Total current liabilities			-
Non-Current Liabilities			
Long Term Portion of Borrowings		-	
Total Liabilities (B)		-	
Net Assets (A-B)		405,902,125	402,585,196
Represented By:			
Revolving Fund		405,902,125	402,585,196
Reserves			
Accumulated Surplus			
Net Assets		405,902,125	402,585,196

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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 01/08 2025 and signed by:



.....
Name: Jacob M. Onkeo
Administrator of the Fund



.....
Name: Dennis O. Aamba
Fund Accountant
ICPAK Member Number: 17821

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	302,585,196	-	-	302,585,196
Surplus/(Deficit) For the Period				
Funds Received During the Year	100,000,000	-	-	100,000,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	402,585,196	-	-	402,585,196
Balance As At 1 July 2024	402,585,196	-	-	402,585,196
Surplus/(Deficit) For the Period	3,212,702			3,212,702
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	405,902,125			405,902,125

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received		-	8,437,029
Receipts Earned from fixed deposits		3,779,649	-
Total receipts		3,779,649	8,437,029
Payments			
Fund administration expenses		-	8,437,029
General expenses		-	
Finance cost (Withholding Tax)		566,947	
Other payments			
Net cash flows from operating activities	11	3,212,702	-
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments		82,474,087	77,356,081
Loan disbursements paid out		-	(1,051,310)
Net cash flows used in investing activities		82,474,087	76,301,771
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	100,000,000
Additional borrowings		-	-
Repayment of borrowings		-	(113,164,804)
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents	11	85,686,789	63,136,967
Cash and cash equivalents at 1 July 2024	9	88,336,533	25,199,566
Cash and cash equivalents at 30 June 2025	9	174,023,322	88,336,533

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

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	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*						
Receipts						
Interest Income	3,900,000	-	3,900,000	3,779,649	(120,351)	97%
Other Income	-	-	-	-	-	-
Total Income	3,900,000	-	3,900,000	3,779,649	(120,351)	97%
Expenses						
Fund Administration Expenses						
General Expenses						
Finance Cost	600,000		600,000	566,947	(33,053)	94%
Total Expenditure	600,000		600,000	566,947	(33,053)	94%
Capital expenditure	-	-	-	-	-	-
Surplus For the Period	3,300,000	-	3,300,000	3,212,702	(87,298)	97%

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

Kisii County Assembly Member’s Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Kisii County Assembly Member’s Car Loan and Mortgage 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.

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

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

(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.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.

Kisii County Assembly Member's Loans and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting</p>

Kisii County Assembly Member’s Loans and Mortgage Fund
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	<p>for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

(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 (state the standards, reason for early adoption and impact on entity’s financial statements.)*

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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 01/08/2025. 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.

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.

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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 xx-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.

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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. (amend as appropriate).* 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.

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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 in *Note xx*.

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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.

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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. *Entity to state the reserves maintained and appropriate policies adopted.*

i) 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.

j) 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.

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Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

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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 included in Note xxx.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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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		
Interest Income From Car Loans		
Interest Income From Investments in financial assets		
Interest Income earned On Bank Deposits bookings fixed	3,212,702	-
Total Interest Income	3,212,702	-

(The interest reported was earned by booking deposit repayments for a period of four months)

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7. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
3% Income (interest realized)	-	8,437,029
Income from Sale of Tender Documents		
Bad debts recovered		
Miscellaneous Income		
Total Other Income	-	8,437,029

8. Fund Administration Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Administration Expenses	-	8,437,029
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other (<i>Specify</i>)		
Total	-	8,437,029

9. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Baraka Collection Account	174,023,322	88,336,533
Plus Current Account		
Others (<i>Specify</i>)		
Total Cash and Cash Equivalents	174,023,322	88,336,533

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
SBM Bank LTD	0252096101001	174,023,322	88,336,533
Sub- Total		174,023,322	88,336,533
b) Current Account			
Kenya Commercial Bank			
Bank B			
Sub- Total			
Grand Total		174,023,322	88,336,533

10. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable		
Current Loan Repayments Due	84,898,949	82,617,937
Other Exchange Debtors		
Less: Impairment Allowance		
Total Current Receivables	84,898,949	82,617,937
Non-Current Receivables		
Long Term Loan Repayments Due	82,729,854	167,380,726
Total Non- Current Receivables	82,729,854	
Total Receivables From Exchange Transactions	167,628,803	249,998,663

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Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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11. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:		
Depreciation		
Amortization		
Gains/ Losses On Disposal Of Assets		
Interest Income Earned	3,779,649	-
Finance Cost (Withholding Tax)	(566,947)	
Working Capital Adjustments		
Increase In Inventory		
Increase/ decrease In Receivables	82,474,087	88,336,533
Increase In Payables		
Net Cash Flow From Operating Activities	85,686,789	88,336,533

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

12. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	249,998,663	249,998,663		
Receivables From Non-Exchange Transactions (KDIC)	64,250,000	64,250,000		
Bank Balances	88,336,533	88,336,533		
Total	402,585,196	402,585,196		
At 30 June 2025				
Receivables From Exchange Transactions	167,628,803	167,628,803		
Receivables From Non-Exchange Transactions	64,250,000	64,250,000		
Bank Balances	174,023,322	174,023,322		
Total	405,902,125	405,902,125		

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 significant concentration of credit risk on amounts due from **Kshs.249,998,663** to **Kshs. 167,628,803**.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024/2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023/2024	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by 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.

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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
At 30 June 2025			
Financial Assets			
Investments			
Cash	174,023,322	-	174,023,322
Debtors/ Receivables	167,628,803	-	167,628,803
Liabilities			
Trade And Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

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
(Current FY)			
Euro	10%		
USD	10%		
(Comparative FY)			
Euro	10%		
USD	10%		

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.

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This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

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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
Revaluation reserve		
Revolving fund	402,585,196	402,585,196
Accumulated surplus	3,212,702	
Total funds	405,902,125	402,585,196
Total borrowings		
Less: cash and bank balances	174,023,322	88,336,533
Net debt/(excess cash and cash equivalents)		
Gearing	-%	-%

13. Events after the reporting period

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

14. Ultimate and Holding Entity

The entity is a County Public Fund established by Kisii County Assembly Member's Loan and Mortgage Fund Act, 2014, County Government Act, 2012 under the Ministry of xxx. Its ultimate parent is the County Government of Kisii.

15. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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1. 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 yo the issue to be res
REPORT ON THE FINANCIAL STATEMENTS.				
1.0	Inaccuracies in the Financial Statements	<ul style="list-style-type: none"> i. The financial Statement has been corrected to indicate the correct interest income of Kshs. 2,649,406 as shown in the audited Financial Statement 2022/2023. ii. The interest income not shown of Kshs. 2,649,406 as per the audited Financial Statement 2022/2023 as been indicated. iii. The nil accumulated surplus was as a result of Kshs. 4,585,196 transferred to the revolving fund account increasing the revolving account from Kshs. 298,000,000 to 	Resolved	

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		Kshs. 302,585,196, as indicated by the bank statement.		
2.0	Unsupported amounts in the Financial Statements.			
2.1	Unsupported Cash and Cash Equivalents	A bank reconciliation statement that was not available during the time of audit is hereby provided for review.	Resolved	
2.2	Unsupported Interest income	The salaries and remuneration Commission (SRC) recommended that the rate of interest applicable to both Car Loan and Mortgage scheme shall be three (3%) percent per annum on a reducing balance for duration of the loan. The interest income is used as an administrative expense by the Bank.	Resolved	
2.3	Unsupported fund administration Expenses	As at the time of commencement of the current car loan and mortgage fund scheme, the county assembly did not have enough seed capital to start off giving loans to its 71 members, the speaker and two external Board members. The County Assembly Service board needed to raise at least a total deposit	Resolved	

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		<p>of Kshs. 389,000,000 to be able to loan all the qualifying members.</p> <p>The assembly had a balance of only Kshs. 133,750,000 held at SBM Bank (K) Ltd which was not sufficient to lend to all the members.</p> <p>By dint of the SRC guidelines the board is mandated to manage and administer the fund on behalf of the government of Kenya, by itself or by appointing a financial institution to administer the loans on its own behalf, for the benefit of the members.</p> <p>In this regard the County Assembly Service Board (CASB) elected to sign a memorandum of agreement with SBM Bank (K) Ltd in which the board and the Bank agreed that the Bank administers the loans on behalf of the Board.</p> <p>SBM Bank (K) agreed to hold the available balance of Kshs. 133,750,000 in lien and in return avail the amount of Kshs. 389,000,000 which</p>		
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		<p>would be advanced to all loan beneficiaries at recommended rate of 3% interest per annum. In consideration of Bank availing this amount the County Assembly forfeited the accruing 3% interest earnings to the Bank as administration Interest expenses.</p> <p>It was further agreed that beneficiaries were to bear all other arising expenses including but not limited to fees taxes, legal costs, charges and commissions in respect and resulting out of the borrowing and any subsequent costs incurred in recoveries in the event of default. It can be noted therefore, that from this financing arrangement the County Assembly did not anticipate to draw any earnings or incur any expenses from the fund until the scheme was fully funded.</p> <p>The figure of Kshs. 12,546,486 stated as interest income and equally disclosed in respect of administration</p>		
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		expenses has been provided by the bank (SBM) solely for disclosure purposes. Its neither actual income earned nor expenditure incurred by the fund.		
2.4	Unsupported Current portion of long-term receivables from Exchange transactions	The Kisii County Assembly members' loan and mortgage fund recognized a total of Kshs. 249,998,663 as long term receivables from exchange transaction. The financial statements were amended to reflect the correct balance of Kshs 82,617,937 as the current portion of long term receivables from exchange transaction in accordance with paragraph 76c of IPSAS 1.	Resolved	
2.5	Unsupported Current portion of long-term receivables from Exchange transactions			
2.6	Unsupported Current portion of long-term receivables from Non-Exchange transactions	The balance of Kshs.64,250,000 disclosed in note 5 to the financial statements under the statement of financial position reflecting long-term receivables from	Resolved	

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		non-exchange transaction is an amount that is held at the Kenya Depository Insurance Corporation (KDIC) following the fall of Chase Bank Ltd in Receivership (IR) in the year 2016.		
2.7	Unsupported amounts in the Cashflows	The schedules supporting the amount of Kshs. 167,380,726 as long-term receivables form exchange transactions and amortization schedules for individual loan account	Resolved	
3.0	Unsupported loan disbursements	The statement of cash flows reflects loan disbursements paid out of Kshs. 1,054,310 draws during the year under review being additional loan advanced to one beneficiary an it was not a new advance.	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.				
I.	Failure to register on securities	The loans and mortgages management committee has in its custody title deeds and log books securing Mortgages and	Resolved	

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		<p>Car loans The Committee is in the process of finalizing having charged to the properties financed through the fund.</p> <p>The qualifying beneficiaries of the loans have been made to take up credit life and comprehensive insurance to cover the loan and property which is provided as security for the loans. The recovery process is going on well and there is no incidence of default to date.</p>		
2.	Lack of Mortgage Protection policy	<p>The loans and mortgages management committee has in its custody title deeds and log books securing Mortgages and Car loans The Committee is in the process of finalizing having charged to the properties financed through the fund.</p> <p>The qualifying beneficiaries of the loans have been made to take up credit life and comprehensive insurance to cover the loan and</p>	Resolved	

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		<p>property which is provided as security for the loans. The recovery process is going on well and there is no incidence of default to date.</p>		
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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

(Mr. Jacob M. Onkeo)



Date.....29/09/2025