

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**


**OF**

**THE AUDITOR-GENERAL**

**ON**

**WITNESS PROTECTION AGENCY STAFF  
HOUSING MORTGAGE SCHEME FUND**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 09 OCT 2025	DAY: THURS
TABLED BY:	DEPUTY MAJORITY PARTY WHIP
CLERK AT THE TABLE:	E. CHERET





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

10 SEP 2025

RECEIVED

---

# WITNESS PROTECTION AGENCY STAFF HOUSING MORTGAGE SCHEME FUND

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2025

---

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



Witness Protection Agency Staff Housing Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025



CONFIDENTIAL



Contents

1. ACRONYMS AND DEFINATION OF TERMS .....	ii
2. KEY FUND INFORMATION AND MANAGEMENT .....	ii
3. FUND ADMINISTRATION COMMITTEE.....	v
4. MANAGEMENT TEAM .....	vi
5. CHAIRPERSON’S REPORT .....	vii
6. REPORT OF THE OFFICER ADMINISTERING THE FUND .....	ix
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES. ....	xi
8. CORPORATE GOVERNANCE STATEMENT .....	xiii
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	xv
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xviii
11. REPORT OF THE FUND COMMITTEE .....	xix
12. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES .....	xx
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS WITNESS PROTECTION AGENCY STAFF HOUSING MORTGAGE FUND .....	xxii
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025. 1	
15. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2025 .....	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025 3	
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025 .....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025 .....	5
19. NOTES TO THE FINANCIAL STATEMENTS .....	7
20. ANNEXES.....	23



## 1. ACRONYMS AND DEFINATION OF TERMS

### A. Acronyms

A/C No	– Account Number
CPA	– Certified Public Accountant
FCCA	– Fellow, Certified Public Accountant
FY	– Financial year
ICPAK	– Institute of Certified Public Accountants of Kenya
IPSAS	– International Public Sector Accounting Standards
KCB	– Kenya Commercial Bank
OAF	– Officer Administering the Fund
PFM	– Public Finance Management
SRC	– Salaries and Remuneration Commission
WPA	– Witness Protection Agency

### B. Definition of Terms

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

**Comparative Year-** Means the prior period

**Sponsor** – refers to Witness Protection Agency



## 2. KEY FUND INFORMATION AND MANAGEMENT

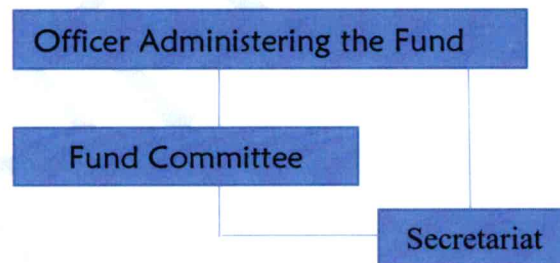
### a) Background information

The Witness Protection Agency Staff Housing Mortgage Scheme Fund is established by and derives its authority and accountability from the Car Loan and Mortgage Schemes for State Officers and other Public Officers of Government of Kenya Circular referenced SRC/ADM/CIR/1/13/Vol. III (128) dated 17<sup>th</sup> December, 2014 by the Salaries and Remuneration Commission (SRC). The Fund is regulated by the Witness Protection Agency Staff Housing Mortgage Scheme Fund Regulations that were approved by Witness Protection Advisory Board on 18<sup>th</sup> January 2016. The Fund is wholly owned by Witness Protection Agency and is domiciled in the Republic of Kenya.

### b) Principal Activity

The principal mandate of the Fund is to provide mortgage for the purchase or development of property for housing purposes to the Witness Protection Agency members of staff.

The Fund is administered by the KCB Bank Kenya Limited which is the Fund Manager. There is a Committee charged with the responsibility of processing loans from applicants in accordance with the laid down approved Regulations, maintaining a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund. The Officer Administering the Fund is responsible for the day-to-day operations with the assistance of a Secretariat.



### c) Fund Administration Committee

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). Therefore, the confidentiality, special, risky and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Agency Staff Housing Mortgage Scheme Fund Committee against the publication of their profile.



SN	Position	Name
1.	Chairperson	Deputy Director, Corporate Affairs
2.	Vice Chairperson	Deputy Director, Operations
3.	Member	Finance Manager
4.	Member	Principal Legal Officer
5.	Member	Principal Administration Officer
6.	Member	Chief Protection Officer
7.	Secretary	Principal Human Resource Officer

#### d) Key Management

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Agency Staff Housing Mortgage Scheme Fund Key Management against the publication of their profile.

SN	Position	Name
1.	Officer Administering the Fund	Director/Chief Executive
2.	Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3.	Fund Accountant	Accountant I
4.	Secretary, Fund Committee	Principal Human Resource Officer

#### e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Officer Administering the Fund	Director/Chief Executive
2	Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3	Member, Fund Committee	Finance Manager

The Fund Secretariat, appointed by the Officer Administering the Fund (OAF), assists the OAF in the day-to-day internal administration of the Fund. All deliberations of the Secretariat are subject to the approval by the Fund Committee which makes recommendations to the Officer Administering the Fund.

Loan applications are submitted to the Secretariat which undertakes the preliminary evaluation to ascertain compliance with the Regulations and the statutory a third (1/3) basic salary rule monthly. Upon approval by the Fund Committee, the Officer Administering the Fund submits the approved loan application to the Fund Manager (KCB Bank Ltd.) for further processing. The



Fund Committee meets as and when necessary to adjudicate any loan applications and quarterly to review the financial status of the Fund.

**f) Registered Offices**

Milimani Law Court Building  
Room 413  
P.O. Box 28801-00101  
Nairobi, Kenya

**g) Fund Contacts**

Telephone: (254) (020) 7121337/8, 0770909207,  
Hotline: (254)0711222441, 0725222442  
E-mail: [director@wpa.go.ke](mailto:director@wpa.go.ke)  
Website: [www.wpa.go.ke](http://www.wpa.go.ke)

**h) Fund Bankers**

KCB Bank Kenya Limited  
On Call Deposit Account  
A/C No. 1291202056  
Nairobi High Court Branch  
P.O. Box 48400 - 00100  
Nairobi, Kenya

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

The Attorney General  
Office of the Attorney General and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200,  
Nairobi, Kenya



### 3. FUND ADMINISTRATION COMMITTEE

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the Members of the Witness Protection Agency Staff Housing Mortgage Scheme Fund Committee against the publication of their profile.

SN	Name	Details of qualifications and experience
1.	Chairperson	Deputy Director, Corporate Affairs
2.	Vice Chairperson	Deputy Director, Operations
3.	Member	Finance Manager
4.	Member	Principal Legal Officer
5.	Member	Principal Administration Officer
6.	Member	Chief Protection Officer
7.	Secretary	Principal Human Resource Officer



#### 4. MANAGEMENT TEAM

The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.). The confidentiality, special and covert nature of operations of the Witness Protection Agency calls for additional protection of the members of Witness Protection Agency Staff Housing Mortgage Scheme Fund Management Team against the publication of their profile.

Name	Details of qualifications and experience
1. Officer Administering the Fund	Director/Chief Executive
2. Chairperson, Fund Committee	Deputy Director, Corporate Affairs
3. Fund Accountant	Accountant I
4. Secretary, Fund Committee	Principal Human Resource Officer



## 5. CHAIRPERSON'S REPORT

The Fund was established in 2016 but was operationalized in 2021 with the first grant of Kshs.6,000,000 received from the National Treasury. The grant has grown over the years to a total of Kshs.36,000,000 as a revolving Fund. This has had a marginal impact toward enhancing staff motivation and retention at the Agency due to insufficient funds.

The Fund has disbursed a total of five (5) mortgage loans amounting to Kshs.25,750,000. The Fund received a total of four (4) mortgage loan applications during the period amounting to Kshs.19,200,000. Two of the loan applications were approved and one was held awaiting availability of funds. One (1) loan application for the FY2023/2024 was withdrawn by the applicant after approval and submission to the Fund Manager by the Fund Committee during the period.

The introduction of the NSSF Tier 2, Affordable Housing Levy and Social Health Insurance Fund (SHIF) deductions have reduced the disposable income in the payslips of the staff hence limiting their eligibility to qualify for mortgage loans.

The Fund has been on a growth trajectory since inception and is self-sufficient in terms of generating revenues and defraying its administrative expenses yielding surplus year after year. The Fund earned interest on income of Kshs.2,211,701, and incurred an expenditure of Kshs.436,597 and taxation of Kshs.244,745 hence a surplus of Kshs.1,530,359. This as a result of growth in loan portfolio to five (5) as compared to one (1) during the previous year.

However, the Fund reported Kshs.1,537,694 being surplus carryovers from the FY2023/2024 leading to a total revenue of Kshs.3,749,395 and incurred an extra Kshs.387,000 being staff advances for annual retreat exercise which had not been undertaken as at the end of the financial year hence totaling expenditures to Kshs.1,068,342 giving a surplus of Kshs. 2,681,053 as reported in the statement of Comparison of Budget and Actual amount for the year under review.

The ending cash and cash equivalent of the Fund was Kshs.13,868,681. This is attributed to four loans disbursed during the second half of the year amounting to Kshs.20,750,000 and earned interest from the On-Call Deposit. The total net assets of the Fund as at the end of the financial year were Kshs.38,840,283 with an accumulated surplus of Kshs.2,840,283.

The Fund Committee and Officer Administrating the Fund will continue to develop and implement strategies geared towards resource mobilization. This will enhance the resource allocation to the Mortgage Fund by the National Treasury and the Sponsor.

I take this opportunity to appreciate the commitment and invaluable contribution made by the Fund Committee Members, Sub-Committee and Secretariat. My special appreciation is also to the Officer Administering the Fund for the support and guidance that has promoted effective management of the Fund.



I further look forward to enhanced Funding to meet the growing demands for affordable and secure homes by the staff of the Agency.

FCPA K. A. Tanui

**CHAIRPERSON, FUND COMMITTEE**

CONFIDENTIAL



## 6. REPORT OF THE OFFICER ADMINISTERING THE FUND

I am glad to present the 4<sup>th</sup> Annual Report and Financial Statements of the Witness Protection Agency Staff Housing Mortgage Scheme Fund. The Agency is guided by the Witness Protection Pillars namely Covert capability, Institutional Independence, Interagency Collaboration, Human Rights Approach, Operational Autonomy and Unity of Purpose (C.I.I.H.A.O.U.) in the management of Staff Housing Mortgage Fund which ensures affordable and secure homes for the staff in line with current Government Development Plan, Bottom-Up Economic Transformation Agenda (BETA).

The effective interest rate charged on the mortgage loans of 4% is far below the market rate. This is expected to ease the financial burden for the staff desirous of owning personal homes. The Fund has disbursed a total of five (5) mortgage loans amounting to Kshs.25,750,000 since operationalization in 2021 against seed capital of Kshs.36,000,000. The Fund balance as at 30<sup>th</sup> June 2025 was Kshs.13,868,681. During the year two loan applications amounting to Kshs.13,500,000 were approved by the Fund Committee for processing by the Fund Manager.

The Management shall continue sensitizing staff on Housing Mortgage Scheme matters. Further, the Fund Committee will undertake staff surveys, feedback analysis, sharing of experience, benchmarking and proposals to review and align Staff Housing Mortgage Fund Scheme Regulations, 2015 and practices with emerging trends and best practices.

The funds of the Mortgage Scheme are very low and does not meet the demands for Mortgage loans by the staff. It is therefore my hope that the National Treasury shall consider enhancing the Fund budget allocation geared towards the achievement of the predetermined objectives of the Fund and support the growing demand of Mortgage by the officers of the Agency. The vision of the Fund is to have at least Kshs.100,000,000 revolving Fund that will enhance Staff access *'to affordable and adequate housing'* as provided in Article 43 of the Constitution..

The Fund has maintained proper records and books of accounts in compliance with the Witness Protection Act, CAP. 79, Public Finance Management Act, CAP. 412A and Regulations, 2015, Public Audit Act, CAP. 412B, the Fund`s Regulations and other relevant legislations. The OAF has engaged KCB Bank Kenya Limited as the Fund Manager, whose duties are to:

- i. Operate individual accounts for each borrower and provide details of recoveries of the loan;
- ii. Charge security on properties acquired through loans from the fund to protect the interests of the Fund and act as a custodian of such charges;
- iii. Disburse cheques or transfer funds for newly approved loans to borrowers after the necessary documentation is completed by the Committee;
- iv. Pay all outgoing and issue demand notices to defaulting borrowers through the Officer Administering the Fund;



- v. Upon repayment of the loan, interest and other expenses which may be outstanding, discharge the charge and release the security documents to the borrowers; and
- vi. Perform such other duties as may be assigned to it from time to time by the Committee.

As at 30th June 2025, the Fund financial status was as follows:

- a) The total net assets of the Scheme was Kshs.39,068,053;
- b) Total loan repayments during the year were Kshs.1,245,926;
- c) Loan balance at the end of the year was Kshs.24,504,074;
- d) Total Mortgage Loan Interest earned during the year was Kshs.143,487; and
- e) Total On Call Interest Income earned during the year Kshs.1,538,675.

I take this opportunity to sincerely appreciate the Witness Protection Agency Staff Housing Mortgage Scheme Fund Committee and the Secretariat for their focus, dedication and commitment in the prudent management of the Fund towards the achievement of its objectives.

I am glad to note that there is increased staff motivation due to the implementation of the Fund. It is my hope that the Fund motivation will enhance the staff retention and safety at the Agency. It is also my commitment to engage the National Treasury to allocate more funds to Staff Housing Mortgage Scheme Fund for posterity.

**Jedidah W. Waruhiu**  
**OFFICER ADMINISTERING THE FUND**



## 7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

The Key Result Area and Strategic Objectives of the Witness Protection Agency Housing Mortgage Scheme Fund are derived from the Agency's strategic plan for the period 2023/2024-2027/2028. The Fund therefore assists to meet the targets of the Agency strategic plan as tabulated below;

Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Corporate image and Culture	To build and enhance corporate image	New corporate brand and culture	Develop and implement brand change management and corporate culture	Four new loanees acquired mortgage loans through the Staff Mortgage Loan Scheme Fund
Institutional Capacity and Sustainability	To attract, motivate and retain staff	Number of Staff benefited from the Schemes	Enhance Staff Mortgage Loan Scheme Fund	Four new loanees acquired mortgage loans through the Staff Mortgage Loan Scheme Fund

The WPA Mortgage Loan Scheme Fund had projected to approve and disburse loan applications amounting to Kshs.29,500,000 during the year under review. The Fund managed to approve loan applications totalling to Kshs.20,750,000.

During the financial year the Fund had projected revenue of Kshs.3,318,426 but realized revenue of Kshs.3,749,395 hence a favorable variance of 13%. The projected expenditure was Kshs.2,054,984 but the Fund incurred expenditure of Kshs.1,068,342 hence a favorable variance of 48%. Further, the Fund had projected a surplus of Kshs.2,419,509 but realized surplus of Kshs.1,302,589 during the year thus a favorable variance of 11%. The projected closing fund balance as at 30<sup>th</sup> June 2025 was Kshs.5,419,005 but the actual fund balance was Kshs. 13,868,681 (256%).

The WPA Mortgage Loan Scheme Fund had a bank balance of Kshs.32,379,005 at the end of the FY2023/24. Further, the total annual mortgage loan disbursements was projected at Kshs. 29,450,000 with loan deduction being projected at Kshs.2,490,000 for the Financial Year 2024/2025 hence bringing to a total of Kshs.5,419,005 mortgage loan funds expected in the Financial Year 2024/2025. However, the Fund had a bank balance of Kshs.13,868,681 at the end of the FY2024/25. This was due to the fact that the Fund Manager had not completed processing the mortgage applications submitted by the Fund Committee during the financial year.



The Fund's financial statements were prepared and submitted to the National Treasury in accordance with the PFM Act, CAP. 412A and other relevant legislation.

CONFIDENTIAL



## 8. CORPORATE GOVERNANCE STATEMENT

Witness Protection Agency Staff Housing Mortgage Fund Committee members are appointed by The Officer Administering the Fund. The operation of the Fund is managed by Witness Protection Agency Housing Mortgage Fund Committee within the Agency.

Witness Protection Agency Staff Housing Mortgage Fund Committee consists of the following:

- (a) Deputy Director Corporate Affairs as the Chairperson;
- (b) Deputy Director Operations as Vice Chairperson;
- (c) Finance Manager (Member);
- (d) Administration Manager (Member);
- (e) Chief Legal Officer (Member);
- (f) Chief Protection Officer (Member); and
- (g) Human Resource Manager as Secretary.

The Functions of the Fund Committee are as stated under;

- a) Approve applications for loans in accordance with existing terms and conditions of borrowing;
- b) Ensure the Regulations and Guidelines of the Fund are adhered to;
- c) Oversee the effective management of the Fund;
- d) Propose amendments to the Regulations and Guidelines as deemed necessary; and
- e) Such other duty as may be directed by the Cabinet Secretary for the purpose of the proper management of the Fund.

The Fund Committee, Sub Committee and the Secretariat are employees of Witness Protection Agency and are thus not remunerated as per SRC Circular ref SRC/TS/24/4(147) dated 2<sup>nd</sup> May 2024 which barred payment of sitting allowances to staff serving in internal committees.

The Committee is required to meet at least four (4) times in a year and the quorum for a meeting of the Committee is the Chairperson and three (3) other members. However, during the financial year, the Committee held one statutory meeting and one special meeting due to exigencies of duty as tabulated below;



Table 1: Fund Committee Meeting Attendance

SN	Position	Name	Main Meeting	Special Meeting
1	Chairperson	Deputy Director, Corporate Affairs	✓	✓
2	Vice Chairperson	Deputy Director, Operations	×	×
3	Member/Secretary	Principal Human Resource Officer	✓	✓
4	Member	Finance Manager	✓	✓
5	Member	Principal Legal Officer	✓	✓
6	Member	Principal Administration Officer	✓	×
7	Member	Chief Protection Officer	✓	✓

- Attendance to the meetings was by individual members during the period under review;

The Officer Administering the Fund appointed a Secretariat who assist in the management of the Fund as per paragraph 19(f) of the Witness Protection Agency Staff Housing Mortgage Scheme Fund Regulations.



## 9. MANAGEMENT DISCUSSION AND ANALYSIS

### *The Fund's operational and financial performance*

The Fund received a total of four (4) mortgage loan applications during the FY2024/2025 amounting to Kshs.19,200,000 compared to six (6) applications received in the FY2023/2024 amounting to Kshs.29,450,000. One (1) loan application for the FY2023/2024 was withdrawn by the applicant after approval and submission to the Fund Manager by the Fund Committee during the period. During the year the Fund disbursed a total of four (4) loans amounting to Kshs.20,750,000. Hence, there were five (5) active mortgage loan portfolio of Kshs.25,750,000 compared to one (1) active loan as at 30<sup>th</sup> June 2024 of Kshs.5,000,000.

The revenue earned during the financial year was Kshs.2,211,701 against a target of Kshs. 3,318,426 hence a unfavorable variance of Kshs.1,106,725 representing 33% of the budgeted target. This was as a result of loan disbursements projected during the year being Kshs.29,750,000 but realised Kshs.20,750,000 earning at interest at 4%. Thus, the Fund earned less interest from the On-Call Deposit due to unfavourable variance in income realised.

The expenditure during the financial year was Kshs.1,068,342 against a target of Kshs.2,054,984 hence a favorable variance of Kshs.1,057,431 representing 90% of the budgeted projection. The variance was attributed to the less meetings held by the Committee due to exigencies of duty as well as less administrative fees incurred during the period.

During the financial year 2024/2025, the Witness Protection Agency Staff Housing Mortgage Scheme Fund did not receive any grant from National Treasury. The Fund Manager, KCB Bank Kenya Limited reported a bank balance of Kshs.13,868,681 (Shillings Thirteen Million Eight Hundred Sixty Eight Thousand Six Hundred Eighty One Shillings Only). This bank balance constitutes of, Kshs.2,372,755 being interest income, which maybe used for defraying administrative costs and the balance of Kshs. 11,495,926 being Mortgage Housing revolving fund.

### *Fund's compliance with statutory requirements*

The Fund has complied with the Public Finance Management Act, 2012 CAP 412A, and Regulations 2015, Public Act, CAP 412C, ,Witness Protection Agency Staff Housing Mortgage Fund Regulations of 18<sup>th</sup> January, 2016 and Public Sector Accounting Standards Board guidelines, Salaries and Remuneration Commission Circular dated 17<sup>th</sup> December, 2014, National Treasury Circulars and other relevant regulations.

The fund has no non-compliances that may expose the fund to potential contingent liabilities.



**Key projects and investment decisions the Fund is planning/implementing**

The Revolving Fund is financed by grants by the National Treasury through the Witness Protection Agency. The Fund earns interest income on unutilised balances on a Call Deposit Arrangements with KCB Bank Ltd.

**Major risks facing the Fund**

The Fund faces the possibility of the mortgage loan applications exceeding the available Fund balance.

**Material arrears in statutory/financial obligations**

The Fund has no material arrears in statutory and other financial obligations.

**The fund's financial probity and serious governance issues.**

The Fund has no financial probity and governance issues.

The Charts below show a summary of the Witness Protection Agency Staff Housing Mortgage Scheme Fund Performance Analysis as at 30<sup>th</sup> June 2025.

**Fig 1. Loan Applications Vs Disbursements**

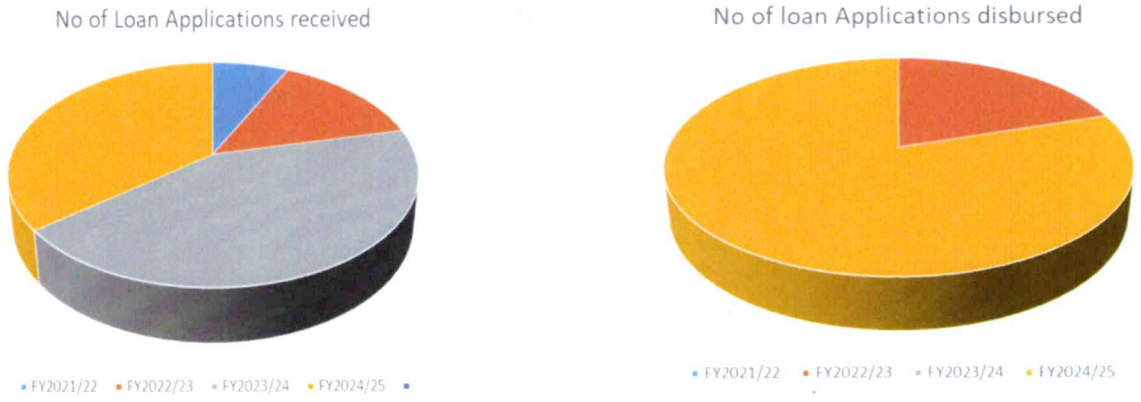




Fig 2. Income Vs Expenditure

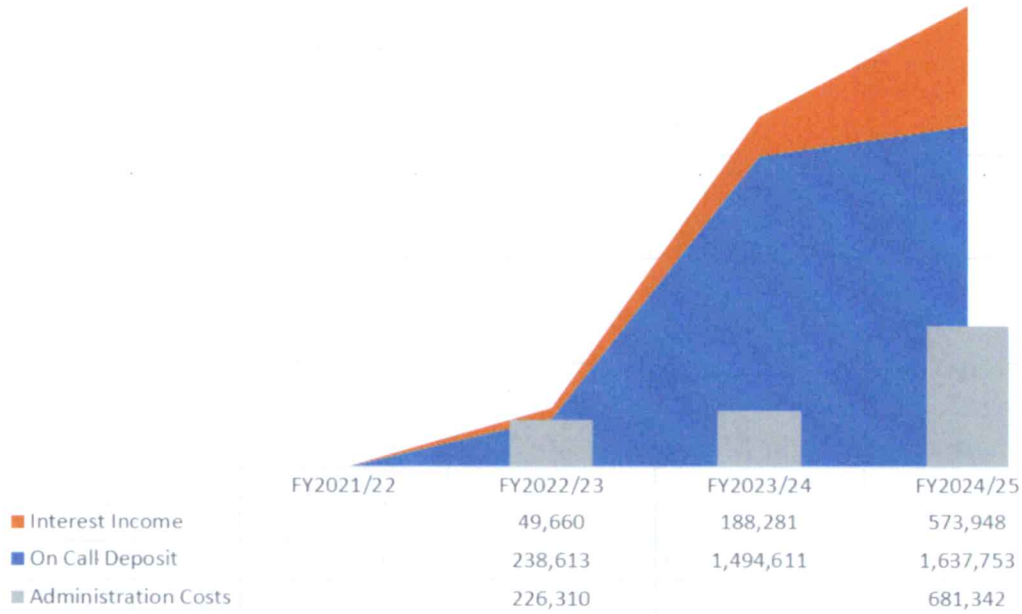


Fig 3. Changes in Net Assets





## 10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Fund relied on the sponsors environmental and sustainability activities during the year under review.

CONFIDENTIAL



## 11. REPORT OF THE FUND COMMITTEE

The Committee submit their report together with the audited Financial Statements for the year ended June 30, 2025, which show the state of the Fund affairs.

### Principal activities

The principal activity of the Fund is to provide mortgage for the purchase or development of property to Witness Protection Agency's members of staff.

### Performance

The performance of the Fund for the year ended June 30, 2025, is set out on pages 1 to 5.

### Fund Committee

The members of the Fund Committee who served during the year are shown on page (v) and (vi).

### 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, CAP. 412B.

By Order of the Fund Committee

FCPA K. A. Tanui

**CHAIRPERSON FUND COMMITTEE**



## 12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, CAP. 412A and paragraph 19 of the Witness Protection Agency Staff Housing Mortgage Fund Regulations of January, 2016, require that the Administrator of the Witness Protection Agency Staff Housing Mortgage Fund established by the Salaries and Remuneration Commission's circular on 'Car Loan and Mortgage Scheme for State Officers and other Public Officers of Government of Kenya' dated 17th December, 2014, shall prepare Financial Statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board at the end of each financial year.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's Financial Statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30<sup>th</sup> June, 2025. This responsibility includes maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, and maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund. It further includes 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, safeguarding the assets of the fund, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, CAP. 412A and in accordance with the Salaries and Remuneration Commission Circular dated 17<sup>th</sup> December, 2014. 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 30<sup>th</sup> June, 2025, and of the Fund's financial position as at that date.

The Administrator of the Fund 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 Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the Financial Statements. Nothing has come to the attention of the Administrator of the Fund to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.



## Approval of the Financial Statements

The Fund's Financial Statements were approved by the Fund Committee on 1<sup>st</sup> August 2025 and signed on its behalf by:

**FCPA K. A. Tanui**  
**CHAIRPERSON, FUND COMMITTEE**

**Jedidah W. Waruhiu**  
**OFFICER ADMINISTERING THE FUND**

CONFIDENTIAL

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Witness Protection Agency Staff Housing Mortgage Scheme Fund set out on pages 1 to 23, which comprise the statement

---

*Report of the Auditor-General on Witness Protection Agency Staff Housing Mortgage Scheme Fund for the year ended 30 June, 2025*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witness Protection Agency Staff Housing Mortgage Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Witness Protection Agency Staff Housing Mortgage Scheme Fund Regulations, 2016.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Witness Protection Agency Staff Housing Mortgage Scheme Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. There were no key audit matters to report in the year under review.

### **Other Information**

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

In connection with my audit on the Witness Protection Agency Staff Housing Mortgage Scheme 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 material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

## REPORT ON 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal controls as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those charged with Governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 overall 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 for 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

07 October, 2025



14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025.

Description	Note	2024/2025	2023/2024 (Restatement)	2023/2024
		Kshs.	Kshs.	Kshs.
Revenue from exchange transactions				
Interest Income	7	2,211,701	1,682,893	1,682,893
<b>Total revenue</b>		<b>2,211,701</b>	<b>1,682,893</b>	<b>1,682,893</b>
<b>Expenses</b>				
Use of Goods and Services	8	436,597	266,391	274,391
<b>Total expenses</b>		<b>436,597</b>	<b>(266,391)</b>	<b>(274,391)</b>
<b>Surplus before Tax</b>		<b>1,775,104</b>	<b>1,416,502</b>	<b>1,408,502</b>
Taxation	9	(244,745)	(252,434)	(252,434)
<b>Surplus after Tax</b>		<b>1,530,359</b>	<b>1,164,068</b>	<b>1,156,068</b>

The notes set out on pages 6 to 16 form an integral part of these Financial Statements.

The Financial Statements were approved on 1<sup>st</sup> August 2025 and signed by:

FCPA K. A Tanui  
CHAIRPERSON,  
FUND COMMITTEE

Jedidah W. Waruhiu  
OFFICER ADMINSTERING  
THE FUND

CPA Caroline M. Nzyoki  
FUND ACCOUNTANT  
ICPAK NO: 25860





15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2025

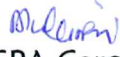
Description	Note	2024/2025	2023/2024 (Restatement)	2023/2024
		Kshs.	Kshs.	Kshs.
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	13,868,681	32,379,005	32,379,005
Receivables from exchange transactions	11	1,147,039	1,116,353	1,108,353
<b>Total Current Assets</b>		<b>15,015,720</b>	<b>33,495,358</b>	<b>33,487,358</b>
<b>Non-Current assets</b>				
Receivables from exchange transactions	11	24,052,333	4,042,336	4,042,336
<b>Total Non-Current assets</b>		<b>24,052,333</b>	<b>4,042,336</b>	<b>4,042,336</b>
<b>Total assets</b>		<b>39,068,053</b>	<b>37,537,694</b>	<b>37,529,694</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables		-	-	-
<b>Total Current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>39,068,053</b>	<b>37,537,694</b>	<b>37,529,694</b>
<b>Represented by</b>				
Mortgage revolving Fund		36,000,000	36,000,000	36,000,000
Accumulated Surplus/(Deficit)		3,068,053	1,537,694	1,529,694
<b>Net assets</b>		<b>39,068,053</b>	<b>37,537,694</b>	<b>37,529,694</b>

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements.

The Fund Financial Statements were approved on 1<sup>st</sup> August 2025 and signed by:

  
FCPA K. A Tanui  
**CHAIRPERSON,  
FUND COMMITTEE**

  
Jedidah W. Waruhiu  
**OFFICER ADMINSTERING  
THE FUND**

  
CPA Caroline M. Nzyoki  
**FUND ACCOUNTANT  
ICPAK NO: 25860**



## 16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

Description		Mortgage Fund	Accumulated Surplus(Deficit)	Total
	Note	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2023		16,000,000	(227,068)	15,772,932
Prior Year Adjustment	13		600,694	600,694
Surplus for the period			1,156,068	1,156,068
Funds received during the year	6	20,000,000	-	20,000,000
As at 30 June 2024		36,000,000	1,529,694	37,529,694
Imprest Refund restatement			8,000	
As at 30 June 2024 (Restatement)		36,000,000	1,537,694	37,537,694
Balance as at 1 July 2024		36,000,000	1,537,694	37,537,694
Surplus for the period			1,530,359	1,530,359
Funds received during the year		-	-	-
As at 30 June 2025		36,000,000	3,068,053	39,068,053



17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from Witness Protection Agency	6	-	20,000,000
Interest received	7	1,631,631	1,541,681
<b>Total receipts</b>		<b>1,631,631</b>	<b>21,541,681</b>
<b>Payments</b>			
Use of good and services	8	393,137	133,180
Taxation	9	244,745	231,252
<b>Total payments</b>		<b>637,881</b>	<b>364,432</b>
<b>Net cash flow from operating activities</b>	12	<b>993,750</b>	<b>21,177,249</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		1,245,926	-
Loan disbursements paid out		(20,750,000)	-
<b>Net cash flows used in investing activities</b>		<b>(19,504,074)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts into the mortgage revolving fund		-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(18,510,324)</b>	<b>21,177,249</b>
Cash and cash equivalents at 1 July 2024	11	32,379,005	11,201,756
<b>Cash and cash equivalents at 30 June 2025</b>	11	<b>13,868,681</b>	<b>32,379,005</b>



18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Notes
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		
	A	b	C=(a+b)	d	e=(c-d)	F=d/c	
Budget carryovers from the previous year*		1,537,694	1,537,694	1,537,694	-	100%	
Revenue							
Interest Income	3,318,426	-	3,318,426	2,211,701	1,106,725	67%	(i)
<b>Total Revenue</b>	<b>3,318,426</b>	<b>-</b>	<b>4,856,120</b>	<b>3,749,395</b>	<b>1,106,725</b>	<b>77%</b>	
Expenses							
Use of goods and services	1,557,220	-	1,557,220	823,597	733,623	53%	(ii)
Taxation	497,764	-	497,764	244,745	253,019	49%	(iii)
<b>Expenditure</b>	<b>2,054,984</b>	<b>-</b>	<b>2,054,984</b>	<b>1,068,342</b>	<b>986,642</b>	<b>52%</b>	
Surplus for the period	1,263,442		2,801,136	2,681,053	120,084	96%	
Capital Expenditure	-	-	-	-	-		

**Budget Notes**

- (i) The reduction in interest income is as a result of loans disbursed during the financial year amounting to Kshs.20,750,000 earning interest at 4% p.a which subsequently led to decrease in interest earned from the On-Call Deposit thus unfavourable variance in income realised.
- (ii) The 53% variance in use of goods and services was due to payment of substance allowance for fund retreats, bank charges and increase in administration fee of 4% p.a due to increase in loans disbursed.
- (iii) Taxation was at 35% is on the interest income in (i) which was subjected to withholding tax at 15%.



### Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,681,053
1	Income received in arrears	171,250
2	Short term Interest Due-1%	(50,531)
3	Timing Difference	(42,017)
4	Fund Retreat	(387,000)
5	Revolving fund	11,495,926
	Closing Cash and Cash Equivalent as per the statement of Cash flows	13,868,681



## 19. NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Witness Protection Agency Staff Housing Mortgage Fund is established by and derives its authority and accountability from the State Officers and other Public Officers of the Government of Kenya circular dated 17<sup>th</sup> December, 2014 by the SRC's circular and regulated by Witness Protection Agency and derives its authority and accountability Witness Protection Agency Staff Motor Housing Mortgage Fund Regulations that were approved by Witness Protection Advisory Board on 18<sup>th</sup> January 2018. The Fund is wholly owned by the Government of Kenya and is domiciled in the Republic of Kenya. The Fund's principal activity is to provide mortgage for the purchase or development of property to Witness Protection Agency members of Staff.

### 2. Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of Financial Statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies.

The Financial Statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Witness Protection Agency Staff Housing Mortgage Scheme Fund.

The Financial Statements have been prepared in accordance with the PFM Act, and and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Adoption of New and Revised Standards

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



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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <b><i>Expected impact cannot be assessed with certainty.</i></b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <b><i>Expected impact cannot be assessed with certainty.</i></b>
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <b><i>Expected impact cannot be assessed with certainty.</i></b>
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ol style="list-style-type: none"><li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li><li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li></ol>



	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>Expected impact cannot be assessed with certainty.</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>Expected impact cannot be assessed with certainty.</i></b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Expected impact cannot be assessed with certainty.</i></b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Expected impact cannot be assessed with certainty.</i></b></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></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"><li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li><li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li><li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and</li></ol>



	<p>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. <i>Expected impact cannot be assessed with certainty.</i></p>
--	---

ii. Early adoption of standards

The Fund did not early – adopt any new or amended standards in the year 2024/2025.

**4. Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**b. Budget information**

The original budget for FY 2024/25 was approved by the Witness Protection Agency Staff Housing Mortgage Fund Committee on 26th July 2024 and revised on 1<sup>st</sup> August 2025 to comply with PSASB Revised Template. The Fund's budget is prepared on a different basis from 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. 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 as per the statement of financial performance has been presented under section 4 of these financial statements.

### **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. 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.

#### **I. Financial assets**

##### **Classification of financial assets**

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

##### **Subsequent measurement**

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



### **Amortized cost**

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

### **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.

## **II. Financial liabilities**

### **Classification**

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



**d. Contingent liabilities**

The Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**e. Contingent assets**

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

**f. Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. (Fund to state the reserves maintained and appropriate policies adopted).

**g. Changes in accounting policies and estimates**

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

**h. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period

**i. Related parties**

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Officer Administering the Fund, the Fund Committee, and Fund Secretariat.



**j. Cash and cash equivalents**

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

**k. Comparative figures**

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

**l. Events after the reporting period**

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

**m. Ultimate and Holding Fund**

The Fund is established under Section 24(4) PFM Act, CAP. 412A under the Witness Protection Agency. Its ultimate parent is the Government of Kenya.

**n. Currency**

The Financial Statements are presented in Kenya Shillings (Kshs.)



## 5. Significant judgments and sources of estimation uncertainty

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

### a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (see IPSAS 1.140.)

There were significant judgments and sources of estimation uncertainty.

- i. Interest income receivable will be transferred buy the Fund Manager to the Fund Account.
- ii. Loanees will remain as staff of the Witness Protection Agency during the life of the
- iii. Witness Protection Agency will continue to grant the Fund through the National Treasury.

### b) Useful lives and residual values

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

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

The Fund has no assets.



## 6. Funds received during the year

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from Government entities	-	20,000,000
<b>Total</b>	<b>-</b>	<b>20,000,000</b>

## 7. Interest income

Description	2024/2025	2023/2024
	Kshs.	Kshs.
On Call Deposit Account	1,637,753	1,494,611
Mortgage Interest (1%)	143,487	47,070
Mortgage Interest (3%)	430,461	141,211
<b>Total Interest Income</b>	<b>2,211,701</b>	<b>1,682,893</b>

Description	2024/2025	2023/2024
Interest income - Received	Kshs.	Kshs.
On Call Deposit Account	1,538,675	1,494,611
Mortgage Interest (1%)	92,956	47,070
<b>Total Interest Income Received</b>	<b>1,631,631</b>	<b>1,541,681</b>

## 8. Use of Goods and Service

Description	2024/2025	2023/2024 (Restatement)	2023/2024
	Kshs.		Kshs.
Admin Fee Interest (3%)	430,461	141,211	141,211
Fund Retreats	-	124,000	132,000
Bank Charges	6,137	1,180	1,180
<b>Total Use of Goods and Services</b>	<b>436,597</b>	<b>266,391</b>	<b>274,391</b>

Description	2024/2025	2023/2024	2023/2024
Use of Goods and Service-Paid	Kshs.	Kshs.	Kshs.
Fund Retreats	387,000	132,000	132,000
Tax Charged on Interest Income	-	231,252	231,252
Bank Charges	6,137	1,180	1,180
<b>Total</b>	<b>393,137</b>	<b>364,432</b>	<b>364,432</b>

Further the expenses for FY2023/2024 retreat conference fees were fully expensed however in FY2024/2025 there was a refund of Kshs. 8,000 hence reducing prior year expenses by the same hence corrected by adjusting the opening balance as per IPSAS 3



## 9. Taxation

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Tax Charged on Interest Income- on Call Deposit	230,801	224,192
Tax Charged on Interest Income- 1%	13,943	28,242
<b>Income Tax expense</b>	<b>244,745</b>	<b>252,434</b>

The interest income received from On Call Deposit account and 1% on loan advanced is subject to Withholding Tax at the applicable rate of 15% deducted at source.

## 10. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Mortgage Account	11,495,926	31,000,000
On Call Deposit	2,372,755	1,379,005
<b>Total Cash and Cash equivalents</b>	<b>13,868,681</b>	<b>32,379,005</b>

10 a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

		2024/2025	2023/2024
Financial Institution	Account number	Kshs.	Kshs.
<b>Mortgage Fund</b>			
KCB Bank Ltd Account	1291202056	13,868,681	32,379,005
<b>Grand Total</b>		<b>13,868,681</b>	<b>32,379,005</b>



## 11. Receivables from exchange transactions

Description	2024/2025	2023/2024		
	Kshs.	(Restatement)	Kshs.	
<b>Current Receivables</b>				
Interest Receivable – Call Deposit (FY2021/22)	-	143,776	143,776	
Fund debtors	387,000	8,000	-	
Mortgage Short Term Interest Receivable 1%	50,531	6,913	6,913	
Interest income receivable	274,269	-	-	
Mortgage Short Term Principal Repayments Due-KCB	435,239	957,664	957,664	
<b>Total Current Receivables</b>	<b>1,147,039</b>	<b>1,116,353</b>	<b>1,108,353</b>	
<b>Non-Current Receivables</b>				
Long Term Principal Repayments Due	24,052,333	4,042,336	4,042,336	
<b>Total Non - Current Receivables</b>	<b>24,052,333</b>	<b>4,042,336</b>	<b>4,042,336</b>	
<b>Total Receivables from Exchange Transactions</b>	<b>25,199,373</b>	<b>5,158,689</b>	<b>5,150,689</b>	
<b>Ageing analysis (receivable from exchange transactions)</b>	<b>2024/2025</b>	<b>% of total</b>	<b>2023/2024</b>	<b>% of Total</b>
Less than 1 year	1,147,039	5%	143,776	100%
Between 1-2 years	1,791,697	7%	-	-
Between 2-3 years	2,687,546	11%	-	-
Over 3 years	19,573,090	78%	-	-
<b>Total</b>	<b>25,199,373</b>	<b>100%</b>	<b>143,776</b>	<b>100%</b>

The fund debtors of Kshs. 387,000 related to quarterly retreat subsistence allowances to the Fund Committee and Secretariat paid out during the financial year but was not surrendered because the activity was still pending as at 30<sup>th</sup> June 2025.

Further the expenses for FY2023/2024 retreat conference fees were fully expensed however in FY2024/2025 there was a refund of Kshs. 8,000 hence reducing prior year expenses by the same hence corrected by adjusting the opening balance as per IPSAS 3.



## 12. Net cash flows from operating activities

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Surplus/ (deficit) for the period before tax	1,775,104	1,408,502
Adjusted for:		
Transfers from Witness Protection Agency	-	20,000,000
Interest income	(993,750)	(1,379,005)
Imprest refunds	(8,000)	-
<b>Working capital adjustments</b>		
Increase in receivables	220,396	558,343
Increase in payables	-	589,409
<b>Net cash flow from operating activities</b>	<b>993,750</b>	<b>21,177,249</b>

## 13. Prior Year Adjustment

In the in the FY2023/2024 there was a policy shift that barred payment of sitting allowances for internal committees as per SRC Circular ref SRC/TS/24/4(147) dated 2<sup>nd</sup> May 2024. Subsequently accrued expenses of Kshs.600,694 were disallowed hence adjusted as a prior period item.

## 14. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. The Fund's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize 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 company's management based on prior experience and their assessment of the current economic environment.



Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025</b>				
Receivables from Exchange Transactions mortgages	1,147,039	1,147,039	-	-
Bank Balances	13,868,681	-	-	-
<b>Total</b>	<b>15,015,720</b>	<b>1,147,039</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2024</b>				
Receivables from Exchange Transactions mortgages	5,158,689	5,014,913	143,776	-
Bank Balances	32,379,005	32,379,005	-	-
<b>Total</b>	<b>37,537,694</b>	<b>37,393,918</b>	<b>143,776</b>	<b>-</b>

#### 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 Scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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

#### c) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage



and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Fund Committee.

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

#### d) Interest rate risk

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

##### *Management of interest rate risk*

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

#### e) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Fund capital structure comprises of the following funds:

Description	2024/2025	2023/2024(Restatement)	2023/2024
	Kshs.		Kshs.
Revolving fund	36,000,000	36,000,000	36,000,000
Accumulated Surplus/(Deficit)	3,068,053	1,537,694	1,529,694
<b>Total funds</b>	<b>39,068,053</b>	<b>37,537,694</b>	<b>37,529,694</b>
Less: cash and bank balances	13,868,681	32,379,005	32,379,005
Net debt/(excess cash and cash equivalents)	25,199,372	5,158,689	5,150,689
<b>Gearing</b>	-	-	<b>14%</b>

Surplus for FY23/24 retreat conference fees were fully expensed. However in FY2024/2025 there was a refund of Kshs.8,000 hence increasing prior year surplus by the same hence corrected by adjusting the opening balance as per IPSAS 3.



## 15. Related party balances

### a) Nature of related party relationships

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

- a) National government Fund
- b) Key management; and
- c) Fund Committee

### b) Related party transactions

#### i. Transfers from related parties

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from Witness Protection Agency	-	20,000,000

#### ii. Key Management remuneration

Description	2023/2024	2023/2024
	Kshs.	Kshs.
Fund Committee	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-



20. ANNEXES

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

There are were no prior year auditors' recommendations as the Witness Protection Agency Staff Housing Mortgage Scheme Fund received an unqualified report for the FY2023/2024.

Jedidah W. Waruhiu  
**OFFICER ADMINISTERING THE FUND**

Date. 1<sup>st</sup> August 2025.

CONFIDENTIAL



**Annex II: Inter-Fund Confirmation Letter**

This is not applicable to the Fund

CONFIDENTIAL



### Annex III: Reporting of Climate Relevant Expenditures

This is not applicable to the Fund

CONFIDENTIAL



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

This is not applicable to the Fund

CONFIDENTIAL



## Witness Protection Agency

### Contacts

**Physical address:**

Liaison office Milimani Law Courts,  
4th Floor, Room 413,

**Mobile phone:**

**Hotlines:** 0711 222 441 , 0725 222  
442,0706211203,0770909207

**Toll Free Line:**

0800 720 460

**Email:** [director@wpa.go.ke](mailto:director@wpa.go.ke)

**Postal address**

P.O. Box 28801-00100, Nairobi  
Kenya

**Telephone:**

(020) 7121337/8

**Website:**

[www.wpa.go.ke](http://www.wpa.go.ke)