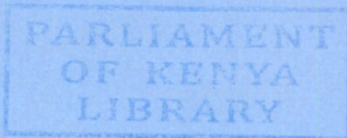


REPUBLIC OF KENYA



REPORT




OF

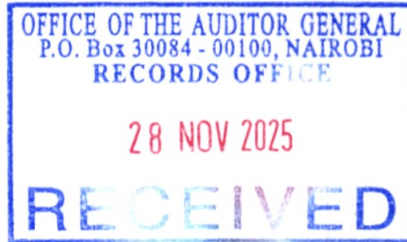
THE AUDITOR-GENERAL

ON

**COMMISSION ON REVENUE ALLOCATION
STAFF CAR LOAN SCHEME FUND**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY.
TABLED BY:	
CLERK-AT-TABLE:	



COMMISSION ON REVENUE ALLOCATION
STAFF CAR LOAN FUND

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

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

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1. ACRONYMS AND DEFINITION OF TERMS

A. Acronyms

No.	Terms	Definition
1	AWAK	Association of Women Accountants of Kenya
2	ADM	Administration
3	AG	Acting
4	CEO	Commission Secretary
5	CIR	Circular
6	CPA	Certified Public Accountant
7	CPM	Certified Professional Mediator
8	CPS	Certified Public Secretary
9	CRA	Commission on Revenue Allocation
10	FY	Financial Year
11	HAU	Head of Accounting Unit
12	HFU	Head of Finance Unit
13	IPSAS	International Public Sector Accounting Standards
14	KCB	Kenya Commercial Bank
15	KRA	Kenya Revenue Authority
16	MoU	Memorandum of understanding
17	PFM	Public Financial Management
18	PSASB	Public Sector Accounting Standards Board
19	SAGA	Semi-Autonomous Government Agency
20	SRC	Salaries and Remuneration Commission

B. Definition of Terms

No.	Terms	Definition
1	Debit	An entry recording a sum owed, listed on the left-hand side or column of an account
2	Credit	An entry recording a sum received, listed on the right-hand side or column of an account
3	Trial Balance	A financial report showing the closing balances of all accounts in the general ledger at a point in time
4	Financial Performance	A subjective measure of how well a firm can use assets from its primary mode of business and generate revenues
5	Financial Position	The account status of a firm's or individual's assets, liabilities, and equity positions as reflected on its financial statement.
6	Changes in Net Assets	The equivalent of the net profit figure on an income statement
7	Cash equivalent	Investments that can readily be converted into cash
8	Liabilities	Debts or obligations a person or company owes to someone else
9	Assets	A resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit
10	Asset Register	A detailed list compiled of all your business assets
11	Ledger	An account or record used to store bookkeeping entries for balance-sheet and income-statement transactions
12	Surplus	The amount of retained earnings recorded on the balance sheet of a business entity
13	Deficit	Occurs when expenses exceed revenues, imports exceed exports, or liabilities exceed assets
14	Capital outlay	The sum of money spent by the Commission to invest in loan facilities to staff
15	Undisbursed loans	Eligible Loans for which the acquisition of such Eligible Loans has been approved, but such Eligible Loans have not been fully disbursed by the bank
16	Interest Income	Amount paid to an entity for lending its money or letting another entity use its funds.
17	Short term receivables	Loans that take less than 12 months to mature
18	Long term receivables	Loans that take more than 12 months to mature
19	Revolving Fund	Fund or account that remains available to finance an fund's continuing requests without any fiscal year limitation
20	Unutilized funds	Resources not taken up for loans
21	Utilized funds	Resources taken up for loans

2. KEY FUND'S INFORMATION AND MANAGEMENT

a) Background information.

The Commission on Revenue Allocation approved the establishment of a Staff Car Loan Fund in FY 2019/20. The approval was based on the Salaries & Remuneration Commission Circular No. SRC/ADM/CIR/1/13 VOL. III (128) dated 17th December 2014, which advised on Staff Car Loan & Mortgage Fund for all state officers and other public officers in Kenya.

The CRA Staff Car Loan Fund's mandate is to facilitate members of staff with Government-funded loans for the acquisition of vehicles through a subsidised interest rate. It is expected that this benefit will motivate members of staff and immensely contribute towards the attraction and retention of requisite skills in the Commission in line with the Commission on Revenue Allocation Act.

The Fund was established with an initial capital outlay of **Kshs. 18,776,000/-** paid out from the Commission's budget as seed capital. The Fund's capital is enhanced annually from the Commission's approved budget.

The Staff Car Loan Fund is overseen by a Committee appointed by the Commission Secretary, tasked with reviewing and approving loan applications for the acquisition of motor vehicles by staff. However, during the reporting period, no committee was in place following the expiry of the previous committee's tenure. Consequently, the fund was managed administratively by the Acting CEO and the Finance Manager/(HAU).

b) Principal Activities.

The principal activity of the Car Loan Fund is to facilitate the acquisition of motor vehicles such as:

- i) New vehicles,
- ii) Local second-hand vehicles with a 10-year maximum period from the date of manufacture
- iii) Imported second-hand vehicles with an 8-year maximum period from the date of manufacture.

c) Vision

No Kenyan Left Behind

d) Mission

To make reliable recommendations on equitable revenue sharing, revenue enhancement, and prudent public financial Management.

e) Board of Trustees / Fund Administration Committee

The scheme lacked a substantive Fund Administration Committee and was managed by the Corporate Services Department during the reporting period.

f) Key Management

The Fund's day-to-day operations are managed under the Finance Department.

The management who were in charge are as follows;

No.	Name	Designation
1.	CPA Roble Nuno	Ag. Commission Secretary/CEO (Officer administering the Fund).
2.	CPA Maureen Junge	Finance Manager / HAU

g) Fiduciary Oversight Management

	Name	Designation
1.	CPA Karen Muka	Deputy Director Internal Audit

h) Registered Offices

Commission on Revenue Allocation
Prism Towers, 3rd Ngong Ave
28th Floor
P.O. Box 1310-00200 Nairobi
Tel: (020) 4298000

i) Fund Contacts

Telephone: (254) (020) 4298000
E-mail: info@crakenya.org
Website: www.crakenya.org

j) Fund Bankers

KCB Bank Limited
KICC Branch, Harambee Avenue
P. O. Box 46950-00100 Nairobi
Tel: (020) 29248501, Fax: (020) 29248501,



k) Independent Auditor

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

l) Principal Legal Adviser

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

3. FUND MANAGEMENT TEAM

Name	Profile
 <p data-bbox="217 667 679 734">CPA Roble Nuno Ag. Commission Secretary / CEO</p>	<p data-bbox="730 277 1490 694">CPA Nuno is an experienced accountant with over 30 years of working in accounting and public finance; 10 years in Senior Management. He holds an MBA (Finance) from Kenyatta University, a Bachelor of Business Administration (Finance and Accounting) from Kenya Methodist University and CPA(K). He is a Member of ICPAK and Institute of Internal Auditors. He previously worked as the CEC (Finance) and CEC Health, Director of Revenue Garissa County, Kenya Urban Roads Authority and the Ministry of Roads and Public Works.</p>
 <p data-bbox="217 1366 555 1433">CPA Maureen Junge Finance Manager / HAU</p>	<p data-bbox="730 770 1490 1142">Ms. Junge has extensive work experience in public finance with emphasis in budgeting, financial management, financial analysis, and reporting. She is a Certified Secretary (CS), Certified Public Accountant, and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK). She holds a Master of Science degree and a Bachelors of Commerce degree (Finance) from the University of Nairobi.</p> <p data-bbox="730 1187 1490 1348">As the inaugural manager in charge of finance at CRA, Ms. Junge was instrumental in developing the finance policies and setting up the operational structures at the Commission in line with the PFM reporting framework.</p> <p data-bbox="730 1393 1490 1509">Prior to joining the Commission, CPA Junge served in senior management at Kenya Investment Authority, Africa Investment Bank and Reliance General Limited.</p>

4. REPORT OF THE FUND ADMINISTRATOR

The Staff Car Loan Fund operates under an internal set of guidelines, which are aligned with the Salaries and Remunerations Commission's (SRC) circular Ref No: SRC/ADM/CIR/1/13 Vol. III (128), the Public Finance Management (PFM) Act, 2012, as well as the Commission on Revenue Allocation's (CRA) Human Resource policies and procedures manual.

The Commission is committed to allocating sufficient resources to the Staff Car Loan Fund to ensure the effective attainment of its objectives. To optimize management efficiency, all expenses and costs related to the operation of the Fund are charged to the Fund. The administration of the car loan budget is generally conducted in strict compliance with the applicable legal frameworks and governing policy directives. It is important to note that during the reporting period, no new budgetary allocation was made to the Fund due to overall budgetary reductions.

The capital of the CRA Staff Car Loan Fund remained stable at KShs. 29.5 million as at the end of the reporting period (2023/24: KShs. 29.5 million), while the net cumulative interest increased to KShs. 946,292 from KShs. 805,652 in the previous period. Consequently, the net assets of the Fund stood at KShs. 30.47 million at the close of the review period.

The Commission recognizes its staff as invaluable assets and continuously sensitizes them on the benefits of utilizing this facility to enhance their motivation and commitment.

As an institution, we remain steadfast in our dedication to supporting the growth and development of the Staff Car Loan Fund, thereby ensuring its long-term sustainability.



CPA Roble Nuno
Ag. Commission Secretary / CEO

Date: 27th August, 2025.

5. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

The Commission's Staff Car Loan Fund draws its objectives from the sponsor, whose strategic pillars and objectives are within the current Strategic Plan for the FY 2023 to 2029. These strategic pillars are as follows:

- i. Equity in revenue sharing
- ii. Progressive balanced development throughout the country.
- iii. Prudent use of public resources
- iv. Increased financial resources
- v. Strengthened corporate governance, risk management, and internal control systems

The Staff Car Loan Fund develops its annual work plans based on the above five (5) pillars. Assessment of the Staff Car Loan Committee's performance (when appointed) against its annual work plan is done on an annual basis. The fund achieved its performance targets set for the FY 2024/2025 period for its five (5) strategic pillars, as indicated in the diagram below:

Table 1: Statement of Performance Vs. Predetermined objectives

Sub Programme	Delivery unit	Key Outputs	Key Performance Indicators	Target 2024/25	Achievements FY 2024/25	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I
Programme: Inter-government transfers and financial matters								
Sub Programme 1: General Administration and Support Services								
SP 1: General Administration and Support Services	Car Loan Fund Committee	Staff Car loan requests processed.	No. of Staff Car loans processed	20	0	Low uptake due to the inability of staff to meet the 1/3 rule.	0	0
		Enhanced Compliance	% of compliance of the Car Loan Fund for payment of annual comprehensive insurance and group credit cover	100	100			
TOTAL BUDGET							Nil	Nil

6. CORPORATE GOVERNANCE STATEMENT

a) Roles and Responsibilities of Commissioners

The Commission is guided in the performance of its governance functions by the Constitution of Kenya, the Commission on Revenue Allocation Act and other relevant legislative instruments. As a Constitutional Commission, CRA is responsible for ensuring that the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics are promoted and attained. The Commission is responsible for overseeing its strategic direction and operational policies and the effective implementation of its functions. The Commission has continued to lead the organization in an effective manner by ensuring the implementation of good corporate governance through its governance structures.

b) Size, Composition, and Appointment to the Commission

The membership of the Commission consists of a Chairperson, appointed by the President and approved by the National Assembly, two persons nominated by political parties in the National Assembly, five persons nominated by political parties in the Senate, and the Principal Secretary responsible for finance. The Chairperson and the other eight (8) Members of the Commission serve for a single term of six (6) years on a full-time basis, except for the PS National Treasury, who is a non-executive member. The Accounting Officer/CEO serves as the Secretary to the Commission. The CEO is responsible for strategic, financial, and operational leadership. Members must have extensive professional experience in financial and economic matters and are not Members of Parliament.

The Third Commission was fully constituted in FY 2023/24 following their appointment in office on 1st January 2023 except for the Chairperson who was appointed on 17th July 2023.

Table 2: Members of the Third Commission.

No.	Name	Designation
1.	CPA. Mary Wanyonyi Chebukati	Chairperson
2.	Koitamet Olekina, HSC.	Vice Chairperson
3.	Dr. Jalango Midiwo	Commissioner
4.	Dr. Isabel Waiyaki	Commissioner
5.	Jonas Kuko	Commissioner
6.	Hadija Juma, HSC.	Commissioner
7.	Hon. Fatuma Gedi	Commissioner
8.	Benedict Muasya	Commissioner
9.	Dr. Chris Kiptoo, CBS	PS, National Treasury

c) Role and functions of the Commission

The Commission Act provides for the functions of Commissioners to assist the Commission in policy formulation, give strategic direction to the Commission, establish and maintain strategic linkages with partners and other stakeholders on issues of revenue sharing and financing, and financial management.

d) Commission Structure

The third Commission has a six-year tenure, which runs from January 2023 to December 2028. The Commission undertook its function through five (5) Committees, which assisted in discharging their mandate, responsibilities, and obligations. The Committees were:

- i. Finance and Administration Committee
- ii. Revenue Allocation Committee.
- iii. Public Finance Management Committee
- iv. Legal and ICT Committee.
- v. Audit, Corporate Governance and Risk Management Committee.

The Commission continuously assesses its governance operating model to ensure that robust and proper systems and processes are in place to support the Commission and Secretariat in driving change, setting strategic direction, and formulating high-level goals and policies. The Commission Secretary / CEO heads the Secretariat and continually provides leadership to the implementation of the Commission's strategies.

e) Commission's Transactions / Attendance in the reporting period

During the year under review, the Commission held nine (9) full commission meetings as tabulated below;

Table 3: Full Commission meetings attendance FY 2024/25

Meetings	CPA Mary Wanyonyi Chebukati	Koitamet Olekina, HSC	Dr. Jalango Midiwo	Dr. Isabel Waiyaki	Jonas Kuko	Hadija Juma, HSC	Hon. Fatuma Gedi	Benedict Muasya	Dr. Chris Kiproo, CBS
Full Commission Meetings									
13 th Special Commission Meeting held on 2 nd August 2024	√	√	√	√	√	√	√	√	√
13 th Full Commission Meeting held on 14 th August 2024.	√	√	√	√	√	√	√	#	√
15 th Special Commission Meeting held on 27 th August 2024	√	√	√	√	√	#	√	#	#
14 th Full Commission Meeting held on 3 rd September 2024	√	√	√	√	√	#	√	#	√
16 th Special Commission Meeting held on 6 th September 2024	√	√	√	√	√	√	√	#	√
17 th Special Commission Meeting held on 9 th September 2024.	√	√	√	√	√	√	√	√	√
18 th Special Commission Meeting held on 17 th September 2024.	√	√	√	√	√	√	#	√	#
19 th Special Commission Meeting held on 27 th September 2024.	√	√	√	√	√	√	√	√	√
20 th Special Commission Meeting held on 11 th October 2024.	√	√	√	√	√	√	√	√	√
15 th Full Commission Meeting held on 30 th October 2024.	√	√	√	√	√	√	√	√	√
21 st Special Commission Meeting held on 4 th December 2024	√	√	√	√	√	√	√	√	√
16 th Full Commission Meeting held on 30 th December 2024	√	√	√	√	√	√	√	√	√
17 th Full Commission Meeting held on 11 th February 2025	√	√	√	√	√	√	√	√	√
17 th (Continued) Full Commission Meeting held on 20 th February 2025	√	√	√	√	√	√	√	√	√
22 nd Special Meeting held on 3 rd April 2025	#	√	√	√	√	√	√	√	√
18 th Full Commission Meeting held on 17 th April 2025	√	√	√	√	√	√	√	√	√
19 th Full Commission Meeting held on 22 nd May 2025	√	√	√	√	√	√	√	#	#
19 th (continued) Full Commission Meeting held on 29 th May 2025	√	√	√	√	√	√	√	#	#

Key:

Present	√
Absent	×
Absent with apology	#
Absence due to leave	*

f) Management Committees.

The Accounting officer of the Commission executes his roles through various management committees as highlighted below.

i. Senior Management Committee - The senior management committee is tasked with providing strategic leadership and management the Commissions operations while setting key priorities, goals and objectives.

ii. Public Finance Management Standing Committee (PFMSC) - Section 18(1) of the Public Finance Management Regulations, 2015 requires every national government entity to

establish the Public Finance Management Standing Committee (PFMSC) chaired by the Accounting Officer.

The key responsibility of the PFMSC is to provide strategic guidance to the Commission on public finance management matters.

iii. Budget Implementation Committee (BIC) - All MDAs are expected to establish a Budget Implementation Committee at the beginning of each Financial year to facilitate the smooth execution of planned activities. The Committee's sole responsibility was to oversee budget implementation and regularly, advise the Accounting Officer on the performance of the budget.

iv. CRA Staff Car Loan Scheme Committee (CSCLSC) - The CRA Staff Car Loan Committee members are appointed by the Accounting Officer. The Committee's sole responsibility is to execute responsibilities of the scheme in the best interest of the staff. The committee consider's Staff car loan applications and make necessary recommendations for the Accounting Officer's consideration and approval.

v. Audit, Corporate Governance and Risk Management Committee (ACGRMC) - The ACGRMC is established in accordance with section 73(5) of the Public Finance Management Act (PFMA), 2012, Regulation 174 of the Public Finance Management Regulations (PFMR) for National Government, 2015, Audit Committee Guidelines for National Government, 2016 as well as section 12(1) of the CRA Act, 2011. The purpose of the ACGRMC is to assist the Commission in fulfilling its oversight role to ensure effectiveness and efficiency in operations and the effectiveness of the internal control, risk management and governance processes.

7. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance

During the year under review, the Fund's capital remained steady at Kshs. 29.5 million, while accrued interest from the utilized Fund decreased to Kshs. 167,118, compared to Kshs. 276,489 in 2023. Although no new loan applications were received during this period, two loan discharges were completed following the full repayment of outstanding loan balances.

b) Funds' compliance with statutory requirements

The Fund's Terms of Reference and guidelines are based on the SRC's circular on Car Loan Funds. Additionally, in implementing the Fund, the Commission ensured compliance with the 2015 HR Policies and Procedures Manual, particularly with respect to the 1/3 Rule principle and Section 12B of the Income Tax Act concerning the provision of fringe benefit tax.

c) Key activities the Fund is undertaking

The main purpose for setting up the Fund was mainly to provide financial support for staff members in the acquisition of low-interest car loan facility for the acquisition of:

- i. New vehicles,
- ii. Local second-hand vehicles which should not be more than 10 years from date of manufacture
- iii. Imported second-hand vehicles which should not be more than 8 years from date of manufacture

d) Material arrears in statutory/financial obligation

The Fund has a tax liability of Ksh. 25,067, which will be settled in FY 2025/26.

e) The Fund's financial probity and governance issues

The Fund runs its operation through a Committee appointed by the Commission Secretary. However, in the reporting period, the fund was managed by the Ag. CEO and the Finance manager.

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The CRA Staff Car Loan Fund operates under the broader governance framework of the Commission, which emphasizes adherence to established environmental and sustainability standards. While the Commission itself may not have distinct environmental reporting specific to the CRA Staff Car Loan Fund, it aligns with national and international sustainability principles as part of its governance responsibilities.

9. REPORT OF THE FUND MANAGEMENT TEAM.

The fund management team hereby submits its report and financial statements for the year ended 30 June 2025 which shows the state of the Fund's affairs.

a) Principal Activities

The principal activity of the Commission's Car Loan Fund is to provide car loan facilities to the staff members.

b) Results

The results of the Car Loan Fund for the year ended 30 June 2025 are set out on pages 1 - 5.

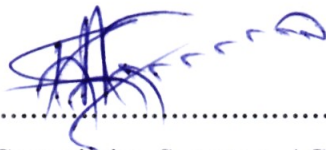
c) Management

The Staff Car Loan Fund was managed by the Ag. CEO and the Finance Manager following the lapse of tenure of the former Car Loan Committee.

d) Auditors

The Auditor General is responsible for the statutory audit of the Commission's Staff Car Loan Fund in accordance with Article 229 of the Constitution, Section 81(4a) of the Public Financial Management Act, 2012, and Section 35 of the Public Audit Act, 2015.

By order of the Commission



.....
Ag. Commission Secretary / CEO

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84(1) of the Public Finance Management Act, 2012 requires the officer administering the Fund established by the SRC's Circular Ref No: SRC/ADM/CIR/1/13 Vol. III (128) to prepare financial statements in respect of that Fund, which give a true and fair view of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Officer is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. Further, he is also responsible for safeguarding the assets of the Fund.

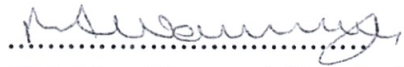
The Officer administering the Fund (Commission Secretary) is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2025. Further, his other responsibilities include: (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.

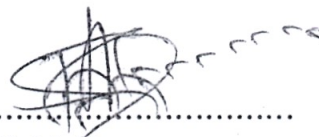
The Officer administering the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Accrual basis of Accounting method under the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the Commission on Revenue Allocation Act. He is also of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. He further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commission Secretary to indicate that the Fund will not remain a going concern for at least the next twelve (12) months from the date of this statement.

Approval of the financial statements

The Commission's Staff Car Loan Fund's financial statements were approved by the Commission on 27th August, 2025 and signed by


.....
CPA Mary Wanyonyi Chebukati
Chairperson of the Commission


.....
CPA Roble Numo
Ag. Accounting Officer

REPUBLIC OF KENYA



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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Commission of Revenue Allocation Staff Car Loan Scheme set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of

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

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

Basis for Opinion

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

Unresolved Prior Year Audit Matters

In the previous year's report, two issues were raised under the Report on the Financial Statements on unsupported balances in the budget statement and non-disclosure of fringe benefit tax which remained unresolved as at 30 June 2025 as the issues have not been deliberated by the Parliamentary Oversight Committee.

Other Information

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

In connection with my audit on the Commission on Revenue Allocation Staff Car Loan 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 a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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, 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, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I 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

01 December, 2025

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025.

Description	Note	2024/25 Kshs	2023/24 Kshs
Revenue from exchange transactions			
Interest income	6	167,118	276,489
Total revenue		167,118	276,489
Expenses			
Use of goods	7	1,410	2,302
Total expenses		1,410	2,302
Surplus for the period		165,708	274,187
Other gains/losses			
Gain/Loss on disposal of assets		-	-
Surplus/(deficit) before tax		165,708	274,187
Taxation	8	25,067	-
Surplus/(deficit) after tax		140,641	274,187

The notes set out on pages 7-21 form an integral part of the Financial Statements.

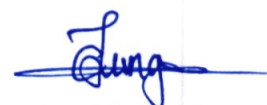
The Fund's financial statements were approved on 27th August, 2025, and signed by:



CPA Mary Wanyonyi Chebukati
Chairperson of the Commission



CPA Roble Nuno
Ag. Accounting Officer




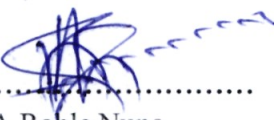
CPA Maureen K. Junge
Head of Accounting Unit
ICPAK M/No. 9883

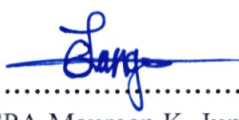
13. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Note	2024/25 Kshs	2023/24 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	9	26,723,889	23,438,404
Receivables from exchange transactions	10	1,872,293	2,681,047
Total Current Assets		28,596,180	26,119,451
Non-current assets			
Receivables from exchange transactions		1,894,179	4,205,202
Total Non-Current Assets		1,894,179	4,205,202
Total assets		30,490,359	30,324,652
LIABILITIES			
Current liabilities			
Trade and other Payables	11	25,067	
Total Current Liabilities		25,067	
Non-current liabilities			
Total liabilities		25,067	-
Net Assets		30,465,292	30,324,652
Represented by:			
Car loan revolving fund		29,519,000	29,519,000
Accumulated surplus (Deficit)		946,292	805,652
Total Net Assets and Liabilities		30,465,292	30,324,652

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 27th August, 2025 and signed by:


.....
CPA Mary Wanyonyi Chebukati
Chairperson of the Commission


.....
CPA Roble Nuno
Ag. Accounting Officer


.....
CPA Maureen K. Junge
Head of Accounting Unit
ICPAK M/No. 9883

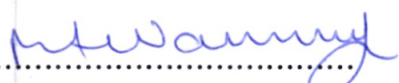
14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

Particulars	Notes	Car Loan Fund	Accumulated surplus	Total
		Kshs	Kshs	Kshs
As at July 1, 2023		29,519,000	531,464	30,050,464
Surplus for the year			274,187	274,187
Funds received during the year		-		-
As at June 30, 2024		29,519,000	805,652	30,324,652
As at July 1, 2024		29,519,000	805,652	30,324,652
Surplus for the year			140,641	140,641
Funds received during the year				-
As at June 30, 2025		29,519,000	946,292	30,465,292


Nature and purpose of reserves.

The car loan fund represents the actual capital transfers received from the sponsor, while the accumulated surplus reflects the total net earnings generated by the fund. Both components are primarily utilized to extend loans to the Commission's staff members.

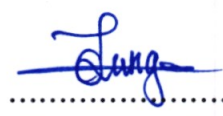
In the reporting period, the Car loan fund was maintained at Ksh. 29.52 million, while the accumulated surplus increased to Ksh. 946,292 (FY23/24: 805,652).



 CPA Mary Wanyonyi Chebukati
 Chairperson of the Commission



 CPA Roble Nuno
 Ag. Accounting Officer



 CPA Maureen K. Junge
 Head of Accounting Unit
 ICPAK M/No. 9883

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

Particulars	Note	2024/25	2023/24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest received		140,760	276,489
Total receipts		140,760	276,489
Payments			
Use of goods and services		1,410	2,302
Total payments		1,410	2,302
Net cash flow from operating activities	12	139,350	274,187
Cash flows from investing activities			
Proceeds from loan principal repayments	13	3,146,136	3,835,490
Loan disbursements	14	-	(525,000)
Net cash flows used in investing activities		3,146,136	3,310,490
Cash flows from financing activities			
Receipts into the mortgage revolving fund			
Receipts into the car loan revolving fund			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,285,486	3,584,677
Cash and cash equivalents at 1 July	9	23,438,403	19,853,726
Cash and cash equivalents at 30 June	9	26,723,889	23,438,403



CPA Mary Wanyonyi Chebukati
Chairperson of the Commission



CPA Roble Nuno
Ag. Accounting Officer




CPA Maureen K. Junge
Head of Accounting Unit
ICPAK M/No. 9883

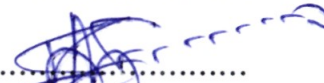
16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025.


Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. a	Kshs. b	Kshs. c = (a+b)	Kshs. d	Kshs. e = (c-d)	f = d/c
Income						
Interest income	-	167,118	167,118	140,760	-	100%
Total Income	-	167,118	167,118	140,760	-	
Expenses						
Use of goods		1,410	1,410	1,410	-	100%
Taxation		25,067	25,067	-		
Expenditure	-	26,477	26,477	1,410	-	100%
Surplus for the period	-	140,641	140,641	139,350	-	
Capital Expenditure	-	-	-	-	-	

Budget notes:

- a) The accrued interest income for the year amounted to Kshs. 167,118, while the actual interest received during the period totalled Kshs. 140,760 (FY23/24: Kshs. 276,489). This variance resulted in a modification from the original budgeted figure, as approved by the Commission during the 23rd Special Commission meeting held on 27th August 2025.
- b) The Fund incurred actual bank charges of Kshs. 1,410 and accrued WHT Tax of Ksh. 25,067 (Payable).


.....
CPA Mary Wanyonyi Chebukati
Chairperson of the Commission


.....
CPA Roble Nuno
Ag. Accounting Officer


.....
CPA Maureen K. Junge
Head of Accounting Unit
ICPAK M/No. 9883

BUDGET RECONCILIATION TO THE STATEMENT OF CASH FLOW

No.	Description of Particulars	Amount
1	Actual surplus as per the statement of budget	139,350
2	Add: Proceeds from loan principal repayments	3,146,136
3	Add: Cash and cash equivalents at 1 July	23,438,403
4	Closing Cash and cash equivalents as per Statement of Cash Flows	26,723,889

17. NOTES TO THE FINANCIAL STATEMENTS**1. General Information**

The Commission on Revenue Allocation approved the establishment of a Staff Car Loan Fund in FY 2019/20. The approval was based on the Salaries & Remuneration Commission's Circular No. SRC/ADM/CIR/1/13 VOL. III (128) dated 17th December 2014 which advised on Staff Car Loan & Mortgage Fund for all State Officers and other public officers in Kenya.

The fund is wholly owned by the Government of Kenya and domiciled in Kenya. The CRA Car Loan Fund is expected to facilitate staff members to benefit from government-funded loans in acquiring vehicles through low-interest loans. It is expected that this benefit will motivate members of staff and immensely contribute towards the attraction and retention of requisite skills in the Commission in line with our enabling Act.

2. Statement of Compliance basis of preparation – IPSAS 1

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities, and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act, (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards**3.1. New and amended standards and interpretations in issue effective in the year ended 30 June 2025**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide</p>

	<p>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 MDA. The new standard requires entities to recognise, measure and present information on right-of-use assets and lease liabilities.</p> <p><i>The standard is not relevant to the Fund.</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is not relevant to the Fund.</i></p>
IPSAS 45-Property Plant and Equipment	<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>The standard is not relevant to the Fund.</i></p>
IPSAS 46 Measurement	<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;

	<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><i>The standard is not relevant to the Fund.</i></p>
IPSAS 47- Revenue	<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 for revenue under one standard. The objective of the standard is to establish the principles that an MDA 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>The standard is relevant to the Fund and has enabled the proper disclosure for revenue.</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></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>The standard is not relevant to the Fund.</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></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>The standard is not relevant to the Fund.</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></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> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p>

	<p>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.</p> <p>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> <p><i>The standard is not relevant to the Fund.</i></p>
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3.2. Early adoption of standards

The Fund early adopted IPSAS 47 of the new standards.

4. Summary of Significant Accounting Policies

4.1. Non-Current Assets

The Fund does not maintain any non-current assets

4.2. Recognition of Revenue and Expenses

Income is recognized in the period in which it's earned. Income is not accrued if its recoverability is doubtful. The Revenue constitutes all incomes accruing to the Fund in the form of interest earned both on the Utilized Fund (3%) and Unutilized Fund (bank deposit). All interest is recouped back to the revolving account on a quarterly basis.

4.2.1. Revenue from non-exchange transactions

i. 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.

4.2.2. Revenue from exchange transactions

Interest income

Interest income is accrued using the current market interest rate. The current market interest rates discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies the market interest rate to the principal outstanding to determine interest income for each period.

4.3. Budget information

The original budget for FY 2024/25 was approved by the National Assembly in June 2024.

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 Funds adopted for the presentation of the financial statements and the approved budget.

4.4. Related parties – IPSAS 20

The Fund defines a related party as any individual or Authority that has the capacity to exercise control, either individually or jointly, or to significantly influence the Fund, or over whom the Fund can exercise such control or influence. The Car Loan Committee is recognized as a related party; in its absence, the Accounting Officer and finance personnel responsible for managing the fund shall be regarded as related parties.

4.5. Contingent liabilities

The Fund does not recognize 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.

4.6. Contingent assets

The Fund does not recognize contingent assets but discloses details of possible assets 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.

4.7. Comparative figures

Prior year comparative information has been presented in the current financial year.

4.8. Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the reporting period.

4.9. Ultimate and Holding Fund

The Commission on Revenue Allocation approved the establishment of a Staff Car Loan Fund in FY 2019/20. The approval was based on the Salaries & Remuneration Commission's Circular No. SRC/ADM/CIR/1/13 VOL. III (128) dated 17th December 2014 which advised on Car Loan & Staff Mortgage Benefit for all State Officers and other public officers in Kenya.

4.10. Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4.11. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The Fund maintains reserves in relation to car loan requests that are still in process pending disbursements (Undisbursed loans)

4.12. Changes in accounting policies and estimates

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

4.13. Cash and cash equivalents

Cash and cash equivalents comprise cash book balance and undisbursed loans which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents comprise Cash book balance as at 30th June 2025.

4.14. Fund Account

The Fund is enhanced gradually on an annual basis through annual appropriations from the Commission's Budget. Further, all accrued interest is recouped back to the Fund since its managed internally. The Fund was mainly established to enable members of staff members acquire loans for acquisition of personal vehicles. The facility is extended to applicants at an interest rate of 3%

4.15. Public Sector Combinations – IPSAS 40

The standard which has been applicable since January 2019 covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This standard is however not relevant to the CRA staff car loan Fund.

4.16. Financial assets

4.16.1. Classification of financial assets

The Commission 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.

4.16.2. 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.

4.16.3. 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.

4.16.4. 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.

4.16.5. 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.

5. Significant Judgements and Sources of Information Uncertainty

The preparation of the CRA Car loan'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.

The Car loan Fund's fringe benefit tax is payable by the sponsor in line with IPSAS 39. The fringe benefit tax is based on a lower loan interest payable by the staff compared to the market rate. In the reporting period, the Fringe benefit incurred was Ksh. 167,755 as disclosed in the main accounts of the sponsor.

6. Interest Income

Description	2024/25 Kshs.	2023/24 Kshs.
Interest Income from loans	140,760	276,489
Accrued Interest Income	26,358	-
Total	167,118	276,489

This income relates to accrued interest from monthly loan repayments and unpaid loan. The significant drop was caused by lumpsum loan repayments from two applicants in the reporting period, hence an immediate termination of the accumulation of interest.

7. Use of goods

Description	2024/25 Kshs.	2023/24 Kshs.
Bank Charges	1,410	2,302
Total	1,410	2,302

This expense pertains to fees incurred for obtaining certificates of account balances.

8. Taxation

Description	2024/25 Kshs.	2023/24 Kshs.
WHT on Interest	25,067	-
Total	25,067	-

This expense pertains to the withholding tax of 15% on the interest income earned by the Fund, which is payable to the Kenya Revenue Authority (KRA).

9. Cash and cash equivalents

Description	2024/25 Kshs.	2023/24 Kshs.
Cash book balance	26,723,889	23,438,404
Total	26,723,889	23,438,404

Cash and cash equivalents comprise cash book balance and undisbursed loans, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the cash flow statement, cash and cash equivalents comprise the Cash book balance as at 30th June 2025.

9 (a) Detailed analysis of the cash and cash equivalents

Description	2024/25 Kshs.	2023/24 Kshs.
Cash book balance: KCB Bank Ltd 1258514540	26,723,889	23,438,404
Total	26,723,889	23,438,404

10. Receivables from Exchange Transactions

Description	2024/25 Kshs.	2023/24 Kshs.
Short-term receivables (Current receivables)		
Current loan repayment dues as at 30th June 25	1,845,935	2,681,047
Interest Income receivable	26,358	
Total Current Receivables	1,872,293	2,681,047
Non-Current Receivables		
Long Term Loan Repayment due	1,894,179	4,205,202

Total Non-Current Receivables		1,894,179		4,205,202
Total Receivables		3,766,472		6,886,249
Ageing analysis (receivable from exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	1,872,293	49%	2,681,047	39%
Between 1-2 years	1,187,630	32%	2,373,785	34%
Between 2-3 years	598,595	16%	1,335,683	19%
Over 3 years	107,955	3%	495,734	7%
Total (tie to totals above)	3,766,472	100%	6,886,248	100%

Short-term receivables relate to outstanding loan balances payable within the next one (1) year. Long-term receivables relate to outstanding loan balances payable beyond one (1) year. The Commission's receivable are not doubtful given that the loan repayments are managed through the employee salary check-off system.

11. Trade and other Payables

Description		2024/25 Kshs.		2023/24 Kshs.
Short-term Payables (Current receivables)				
WHT on Interest		25,067		
Total Trade Payables		25,067		-
Non-Current Payables				
Long-Term Payables				-
Total Non-Current Payables				-
Total Payables		25,067		-
Ageing analysis (Payables from exchange transactions)	Current FY	% of Total	Comparative FY	% of Total
Less than 1 Year	25,067	100%		0%
Total	25,067	100%	-	0%

The CRA's Staff Car Loan Fund provides its finances at a borrowing cost of 3% on the principal amount. The receipt of this income raises a cost on withholding tax at 15% of interest earned and which is payable to the Kenya Revenue Authority. The payable amount will be cleared in the subsequent period.

12. Net Cash Flow from Operating Activities

Description	2024/25	2023/24
	Kshs.	Kshs.
Surplus/ for the year before tax	165,708	274,187
Adjusted for:		
Tax	(25,067)	-
Working capital adjustments		
Increase in receivables	(26,358)	-
Increase in payables	25,067	-
Net cash flow from operating activities	139,350	274,187

13. Proceeds from loan Repayments

Description	2024/25	2023/24
	Kshs.	Kshs.
Quarter I	1,920,507	604,838
Quarter II	467,103	907,012
Quarter III	396,831	687,190
Quarter IV	361,695	1,636,450
Total	3,146,137	3,835,490

This amount refers to the Staff Car loan repayments consolidated quarterly. The amounts are collected and recouped into the Fund every month.

14. Loan Account Movement Schedule

Description	2024/25	2023/24
	Kshs.	Kshs.
Loan balance as at 1 st July	6,886,249	10,196,739
Loan disbursements	-	525,000
Principal loan repayments	(3,146,136)	(3,835,490)
Loan balance as at 1st July	3,740,113	6,886,249

This amount refers to the total loan repayments collected into the Fund in the reporting period. s the total capital outlay the Commission has disbursed to the Car Loan Fund since its implementation.

15. Financial Risk Management

The Fund being fairly new will endeavor to regularly review its risk management policies once in place to reflect changes in markets and emerging best practices. Risk management will be carried out by the administering staff car loan committee under the direct supervision of the Commission secretary.

16. Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the staff car loan Fund.

Credit Risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows; (a) Cash and short-term deposits are placed with well-established financial institutions of high credit standing, (b) The CRA staff car loan Fund does not raise debtors in its ordinary course of business apart from those arising from related parties or members of staff which can easily be recovered.

Credit risk with respect to accounts receivable is limited due to the nature of the car loan Fund business and its reliance on government grant and CRA as the main source of Funding.

The amount that best describes the staff car loan's Fund exposure to credit at the end of the financial year is made up of;

- a) Cash and bank balances
- b) Outstanding loan balances
- c) Undisbursed loans

Description	Total Amt Kshs.	Fully Performing Kshs.
As at June 30th 2025		
Receivables from exchange transactions	3,766,470	3,766,470
Bank Balance	26,723,889	26,723,889
Total	30,490,362	30,490,362
As at June 30th 2024		
Receivables from exchange transactions	6,886,248	6,886,248
Bank Balance	23,438,404	23,438,404
Total	30,324,652	30,324,652

17. Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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 Kshs.	Between 1-3 months Kshs.	Over 5 months Kshs.	Total Kshs.
At 30 June 2024				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade Payables	-	25,067	-	-
Total	-	25,067	-	-

18. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The CRA Staff Car Loan Fund Committee is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

19. Interest rate risk

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

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

20. 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	2024/25 Kshs.	2023/24 Kshs.
Revolving Fund	29,519,000	29,519,000
Accumulated surplus (Reserve)	946,292	805,652
Total Fund	30,465,292	30,324,652
Less: Bank balances	26,723,889	23,438,404
Net debt / (Excess cash and cash equivalent)	3,741,403	6,886,248
Gearing	12.3%	22.7%

21. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

i. Transfers from related parties

Description	2024/25 Kshs.	2023/24 Kshs.
Transfers from related parties	-	-
Total	-	-

ii. Key management remuneration

Description	2024/25 Kshs.	2023/24 Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

22. Events after the Reporting Period

There were some material adjustments after the reporting period.

23. Ultimate and Holding Entity

The Entity is a Fund under the sponsorship of CRA, which is a Constitutional Commission.

24. ANNEXES

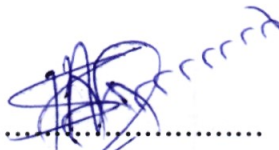
Annex I: Progress on Follow-up of Prior Year Auditor's Recommendations

Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Status	Time frame
2248	Unsupported Balances in the Budget Statement	<p>The budget for the Staff Car Loan Fund is processed as a component of the main Commission's budget. The approved budget for the Fund was split into two to reflect the portion for remittance to the Fund and the balance which was held in the CRA's main budget for purposes of payment of the Fringe Benefit Tax.</p> <p>In the review period, the approved budget of Kshs. 0.5 million was not adequate hence no transfer was done to the Fund. However, the Fund earned income of Kshs.276,489 from the active loan repayments which was captured as revised budget. Additionally, bank charges of Kshs. 2,302 were incurred and captured as expenses to the Fund.</p>	Resolved	N/A
2249	Non-Payment and Disclosure of Fringe Benefit Tax	<p>Fringe Benefits Tax is a liability to the sponsor (CRA) and it represents an additional cost incurred when providing non-cash benefits to employees or associates. It works as an expense because of the following;</p> <ul style="list-style-type: none"> v. The tax liability on non-cash benefits vi. Direct financial burden on the sponsor vii. No salary deduction but additional cost to the sponsor viii. Impact on surplus <p>Given that this is a benefit to the staff, the Commission always had this expenditure enumerated with its other liabilities in the CRA Main Account and not the Funds since the commencement of this Fund in FY 2016/17.</p>	Resolved	N/A

		Therefore, in the review period, there was no gap in the disclosure of Fringe Benefits Tax. The expenditure was captured and listed as part of the sponsor's liabilities, as has been the case since the commencement of the Fund and as per provisions of Section 12B of Income Tax Act cap 470		
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CPA Mary Wanyonyi Chebukati
Chairperson of the Commission



CPA Roble Nuno
Ag. Accounting Officer



CPA Maureen K. Junge
Head of Accounting Unit
ICPAK M/No. 9883

Annex II: CRA Staff Car Loan Fund's beneficiaries' movement schedule

The table below presents the Fund's beneficiaries' movement during the reporting period

No.	Cadre	2024/25	2023/24
Active Loans			
2	Directors	-	1
3	Deputy Directors	-	-
4(a)	Managers	2	3
4(b)	Assistant Managers	3	3
5	Officers	2	2
6	Assistant Officers	-	-
7	Logistic Staff	-	-
8	Support Staff	-	-
	Sub Total	7	9
Cleared Loans			
2	Directors	1	
4(a)	Managers	2	1
	Sub Total	3	1
	Grand Total	10	10

Two additional Car loan facilities were cleared and the vehicles discharged in the review period.