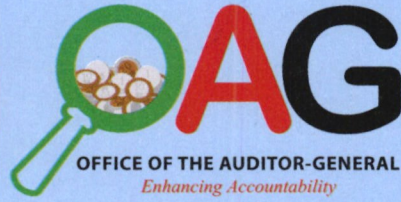


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**KITUI COUNTY ASSEMBLY CAR LOAN AND
MORTGAGE (MEMBERS) SCHEME FUND**

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

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Gen. Mutinda on behalf of Majority Leader
COMMITTEE	-
CLERK AT THE TABLE	Belinda



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
23 OCT 2025
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Revised 30th June 2025



**KITUI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE (MEMBERS) SCHEME
FUND**

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

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

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
HRIS-ke	Human Resource Information System Kenya

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Kitui County Assembly Car & Mortgage (Members) Schemes Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012 on 17th March, 2015. The Fund is wholly owned by the County Government of Kitui and is domiciled in Kenya.

The fund's objective is to provide Members of County Assembly (MCAs) with an opportunity to access affordable car loans for purchase of a motor vehicles or mortgages for purchase, development, renovation or repair of residential properties. The principal activity of the fund is to provide car loans and mortgages to Members of County Assembly.

The Fund's principal activity is to provide Members of County Assembly (MCAs) with an opportunity to access affordable car loans for purchase of a motor vehicles or mortgages for purchase, development, renovation or repair of residential properties. The principal activity of the fund is to provide car loans and mortgages to Members of County Assembly.

The fund was operationalized pursuant to the Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014. This necessitated the County Assembly to legislate regulations governing its operations and provide a legal administration framework as advised by the SRC and in line with the PFM regulations 2015. Accordingly, in compliance with regulation 16 of the said regulations, the board also approved the management of the fund to be outsourced from a competent institution under supervision by the Clerk of Assembly. In the year under review, the fund was managed by Family Bank within the agreed Terms of Reference.

b) Principal Activities

The principal activity of the fund is to provide car loans and mortgages to Members of the County Assembly.

Vision

“The fund of choice for Members of County Assembly.”

Mission

“To provide affordable, accessible and sustainable car loans and mortgages to Members of the County Assembly.”

Core Values

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

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Mathew Vuthi Ngovi	Chairperson of the Committee
2	Hon. Grace S. Mulandi	Vice Chairperson of the Committee
3	Hon. Sylvester M. Kitheka	Member
4	Hon. Harrison Maluki	Member
5	Hon. Daniel N. Kimanzi	Member
6	Hon. Jeremiah Mutua	Member
7	Ms. Mercy Kilonzi	Ag. Senior Legal Counsel
8	Mrs. Lucy Waema	Fund Administrator Ag. Clerk of the Assembly

d) Key Management team

Ref	Name	Position
1	Mrs. Lucy Waema	Fund Administrator Ag. Clerk of the Assembly
2	Mr. Augustus M. Kyenze	Principal Finance Officer
3	Mr. Mutua Mwendwa	Fund Accountant
4	Mrs. Mary Musyoka	Ag. Principal Human Resource Officer
5	Mr. Josephat K. Kwanda	Principal Clerk Assistant
6	Mr. Lawrence M. Kirigwi	Senior Sergeant-At-Arms
7	Mr. Kevin M. Ndeto	Senior ICT Officer
8	Mr. Harrison O. Ouma	Senior Administration Officer

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Department of Internal Audit	CPA Risper M. Joseph

Key Entity and Management (Continued)

f) Registered Offices

P.O. Box 694 – 90200, Kitui
County Assembly of Kitui Chambers,
Mutomo - Kibwezi Road,
Kitui, KENYA.

g) Fund Contacts

Telephone: 044-22914
E-mail: kituiassembly@gmail.com
Website: www.kituiassembly.go.ke

h) Fund Bankers

1. Family Bank
P.O. Box 1033-90200
Kitui, Kenya

i) Independent Auditors

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





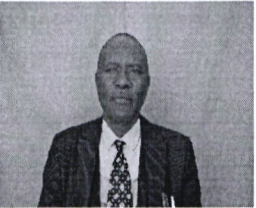
j) Principal Legal Adviser

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




k) County Attorney-N/A

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Entity and Management (Continued)





Name	Details of qualifications and experience
<p>1. Hon. Mathew Vuthi</p> 	<p>He was born in 1980. He is a member of County Assembly and the current chairperson of the loans management committee.</p>
<p>2. Hon. Grace S. Mulandi</p> 	<p>She was born in 1982. She is a member of County Assembly. She is a representative of the minority party of the Assembly in the committee. She has interest in community health and hospitality. She is also well versed with revenue collection.</p>
<p>3. Hon. Sylvester Kitheka</p> 	<p>He was born in 1979. He is a member of County Assembly and the minority whip of the Assembly.</p>
<p>4. Hon. Harrison Maluki</p> 	<p>He was born in 1990. He holds Bachelor Degree in ICT and has specialized skills in software development, networking and web development. He is a member of County Assembly and the Leader of Majority wing of the Assembly.</p>
<p>5. Hon. Daniel Kimanzi</p> 	<p>He was born in 1963. He previously worked with TSC as a teacher. He is a member of County Assembly and the Chief whip of the majority party hence representative in the loans management committee.</p>
<p>6. Hon. Jeremiah Mutua</p>	<p>He was born in 1988. He holds Bachelor Degree in Economics and Statistics from Kenyatta University. He has special interest in finance, economic planning as well as Budgeting. He is the Deputy Minority Leader of County</p>

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**





	<p>Assembly and a member of the loans management committee.</p>
<p>7. Lucy N. Waema</p> 	<p>She was born in 1973 and brings along wealth of management experience having served in senior positions during the defunct local Authorities including being the clerk of municipal council. She is currently the acting Clerk of Assembly. She is the vice-chairperson of the loans management committee.</p>
<p>8. David M. Mwangangi</p> 	<p>He was born in 1988 and holds of Bachelor of Law LLB from Kampala University and a Diploma in law from Kenya School of Law. He has commendable exposure in matters of law. Currently she is the acting Senior Legal Counsel.</p>

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Management Team

Name and Passport Photo	Details of qualifications, experience, date of birth, work experience and responsibility
<p>Lucy N. Waema</p> 	<p>She was born in 1973. She hold a Bachelor Degree in Business Administration. She brings along wealth of management experience having served in senior positions during the defunct local Authorities including being the clerk of municipal council. She is currently the Acting Clerk of Assembly. She is the vice-chairperson of the loans management committee.</p>
<p>Charles N. Nyaga</p> 	<p>He was born in 1976 and brings along wealth of management experience having served in senior positions during the defunct local Authorities including being an Accountant of municipal council. He has Masters of Science in Finance from KCA University. He is currently the Acting Deputy Clerk of Assembly. He is the vice-chairperson of the loans management committee.</p>
<p>Augustus M. Kyenze</p> 	<p>He was born in 1980 and holds Master in Business Administration from Nairobi University. He is experienced in public finance management having served in senior positions in finance at Moi Teaching and Referral Hospital. He is currently the Principal Finance Officer.</p>
<p>Mary M. Mulima</p> 	<p>She was born in 1976 and is holder of Business Administration (Human Resource Management). She has wealth of experience in human resource management and development having worked in different institutions including Mombasa Water and Sanitation company. Currently she is the Acting head of Human Resource.</p>
<p>Lawrence M. Kirigwi</p> 	<p>Born in 1973. Holds a Bachelor of Arts in Economics and Business Studies from Kenyatta University. He has a wealth of experience in public administration and security expert having served as a District Officer. Currently, he serves as the Head Sergeant-at-arms</p>

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>Kevin M. Ndeto</p> 	<p>He was born in 1988. Holds Bachelor of Science in Computers. Brings along wealth of experience in computer management. He Currently is the head of ICT Department.</p>
<p>Harrison O. Ouma</p> 	<p>He was born in 1973 and is holder of Business Administration (Anthropology). He has wealth of experience in Public Administration. Currently he heads the Administration Department</p>
<p>Josphat K. Kwanda</p> 	<p>Born in 1976 and a holder of Bachelor of Education degree. Currently pursuing master's in Public Management at South Eastern University. He has extensive experience in banking sector having risen through the ranks to branch manager level. He is the Principal Clerk Assistant and the Head of Legislative Practices and procedures in the County Assembly.</p>
<p>Mutua Mwendwa</p> 	<p>Born in 1983. He has a degree in Business Administration Accounting from Maseno University, CPA (K) and a Certified Fraud and Forensic Examiner (CFFE). He is experienced in public finance management having served in senior positions in finance. He is currently the Fund Accountant.</p>

Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2025

4. Fund Chairperson's Report

On behalf of the Kitui County Assembly Car Loans & Mortgage (Members) Schemes Fund Management Committee, I am pleased to present the annual report and financial statements for the year ended 30th June, 2025.

Changes in the Fund during the year

There were no changes in the board of management of the fund during the year.

Review of the Fund's performance

In the year under review, loans amounting to Kshs. 9,943,885 were disbursed to members. The fund earned interest income of Kshs. 3,850,224 representing a 14% decrease compared to the previous year. This decline is mainly attributed to a lower number of loan applications by members of the 3rd assembly, who assumed office in August, 2022. As per the agreed terms of reference, the interest income was shared between the County Assembly and Family Bank in a ratio of 2:1 respectively. Total expenditure for the year amounted to Kshs. 1,534,638 comprising of committees sitting allowances of Kshs. 247,380, a loan administration fee of Kshs. 1,283,408 (representing Family Bank Ltd's one-third share of interest income) and bank charges of Kshs. 3,850.

Future outlook of the Fund

The future of the Fund remains positive and promising as the Assembly continues to empower its members. Moving forward, we will place great emphasis on improving the scheme to motivate members and enhance overall efficiency and effectiveness in service delivery. We remain committed to seeking continued support from the county government and development partners to help the fund to realize its objective.

Other Relevant Matters

During the year, the Fund faced a few challenges, including lack of sufficient lien to secure the loans and over committed payslips. However, these challenges have provided valuable lessons for the committee on how to strengthen the fund's performance going forward.

Conclusion

The committee remains fully dedicated to maximizing value for members and supporting the institution in fulfilling Section 12 (7) of the County Governments Act 2012. We are equally committed to upholding the spirit of the Salaries and Remuneration Commission by attracting,

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

motivating and retaining skilled Members of County Assembly for effective legislation, oversight and representation. We therefore aim to make the County Assembly of Kitui a model public institution that delivers on its mandate to legislate, oversee and represent people.

Name:..... Signature:  Date: *23rd October 2025*

Hon. Mathew N. Vuthi

Chairperson Fund Management Committee

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

5. Report of the Fund Administrator

It is with great honour that I present the annual report and financial statements of the Kitui County Assembly Car Loan and Mortgage (Members) Fund Schemes for the year 2024-2025.

The fund was established on 17th March 2015 in accordance with guidelines and regulations issued under the SRC circular and the Public Finance Management Act (PFM) Act, 2014. The fund regulations were passed in the same year and subsequently reviewed on 6th July 2018.

a) Financial Performance

(i) Capital Fund

Since its inception in 2014, the Fund has received a total Kshs. 287,410,337 from the County Treasury as revolving fund. However, following the Salaries and Remuneration Commission's circular issued in February 2021 approving payment of a car grant to Members of County Assembly, the Kitui County Public Service Board approved Kshs. 112 million for disbursement as car grants. The car grants were paid from the revolving fund, thereby reducing the available revolving amount to Kshs. 175,410,337.

(ii) Revenue

During the year under review, the fund earned gross interest income of Kshs. 3,850,224, bringing the total gross revenue earned by the fund since inception to Kshs. 23,491,565. In line with the agreed terms of reference, the interest earned during the year was shared between the Assembly and the Family Bank in a ratio of 2:1 respectively.

(iii) Loans

Each member is entitled for a maximum of five million shillings for the purchase of either a vehicle or residential property. As at 30th June 2025, the Assembly had disbursed a total of Kshs. 27,722,366 as car loans and Kshs. 176,667,099 as mortgages, bringing the cumulative loans disbursed to Kshs. 204,389,465.

The principal loans recovered from both car loans and mortgages stood at Kshs. 100,059,375, with an outstanding loan balance as at 30th June 2025 being Kshs. 104,330,090.

Report of the Fund Administrator (Continued)

(iv) Cash flow

The Fund experienced some liquidity challenges during the year due to delays in receiving disbursements from the National Treasury. The Assembly addressed this by ensuring robust loan recovery measures of the loans disbursed through the payroll deductions.

b) Program Performance

The fund targets Members of County Assembly under the Legislative and Oversight programme, providing them with affordable car loan and mortgage facilities. During the year, four (4) new applicants received mortgages, while no new car loans were disbursed. This brings the total number of mortgage beneficiaries to forty-three (43) and car loans to seven (7).

c) Value for money achievements

To ensure prudent use of resources, the Committee implemented raft of measures, including engaging reputable financial institutions to manage the fund. All disbursed car loans and mortgages were fully secured, supported by valuation report. These controls helped prevent misuse of the fund and ensured value for money was ultimate achieved.

d) Implementation challenges

The Fund faced several implementation challenges including, lack of required lien to secure the loans, over-committed payslips, and lengthy processes to perfect securities due to bureaucratic procedures. To address these, the committee formed a sub-committee to expedite project inspections and held regular meetings to address emerging issues. Additionally, the Assembly continues to work closely with all members of the county assembly to address barriers to accessing the loans, including organizing training sessions on personal budget and financial discipline.

e) Risk management strategies

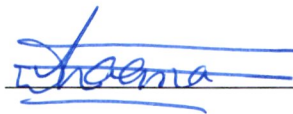
The main risk to the fund remain loan default. To mitigate this, the management has enforced strict loan recovery strategy through County Payroll, using Human Resource Information System Kenya (HRIS-ke). The approach has significantly reduced the risk of default.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

f) Conclusion

Despite operational challenges, the year recorded reasonable loan uptake, and the lessons learned have strengthened our resolve to achieve the Funds's objectives.

As a committee, we remain committed to serving public better every day, even in a challenging, inflationary and uncertain environment. Our focus remain on future goals that will continue to improve the welfare of our Members.



LUCY N. WAEMA

FUND ADMINISTRATOR

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Kitui County Assembly Car and Mortgage (Members) Fund are to:

- a) Facilitate the Members of County Assembly with affordable mortgage facilities in order to acquire decent residential houses.
- b) Facilitate the Members of the County Assembly with affordable car loans in order to acquire motor vehicles.

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Legislative Department	To facilitate the Members of the County Assembly with affordable loans to acquire motor vehicles.	Increased efficiency in MCAs reporting to job	0% of Members of the County Assembly have benefited from the car loan scheme	In the FY 2024/2025 –Nil (0) of the Members of the County Assembly received the car loans.
Legislative Department	To facilitate the Members of County Assembly with affordable loans to acquire decent residential houses	Increased Members of County Assembly morale	6.7% of members of the county Assembly benefited from the mortgage scheme	In the FY 2024/2025 Four (4) of the MCAs received mortgages.

7. Corporate Governance Statement

The Fund's Committee

The scheme remains committed to upholding all regulatory and supervisory corporate governance requirements. A formal governance framework has been established with the Loans Management Committee at its apex, to ensure robust oversight. The Fund's structure is designed to support informed decision making through accurate reporting and clear accountability. The Committee sets strategic direction of the Fund, ensures its operations remain transparent and accountable, and retains full control while closely monitoring the implementation of plans and strategies.

Section 6 (1) of the Regulations established a loans management committee known as the Members Car Loan and Mortgage Management Committee. It is the body mandated to oversee the implementation of this scheme. Its membership consists of: -

- a) The Chairperson – Appointed by the Board from amongst its members who are the Members of the County Assembly.
- b) Leader of Majority Party.
- c) Leader of Minority Party.
- d) Majority whip of the County Assembly.
- e) Minority whip of the County Assembly.
- f) Two members of the County Assembly appointed by the Board.

Section 6 (6) of these regulations provides the loans management committee with the mandate to consider and approve disbursements of loan applications presented by the fund's administrator. The process of appointing and removing a committee member is well covered by the regulations.

The Committee Meetings

Meetings of the Committee were convened by the chairperson or, in the absence of the chairperson; the vice-chairperson or a designated member, as needed to effectively discharge of its mandates. Members were provided with appropriate and timely Information on key activities, including relevant information on key activities, including relevant documents and details of each agenda item in advance of the meetings. During the year, the committee held 15 meetings, at which 4 applications were reviewed and approved for disbursement. Attendance by Members was commendable, with most meeting achieving full attendance.

Committee Allowances

Members of the loan management committee received sitting allowance in line with the Ministry of Devolution and Planning Circular Ref. No. MSPS.2/1AVOL.XLVIII/ (119) dated 2nd August 2013. These allowances were payable only upon holding a meeting.

Statement of Compliance

The committee affirms that the fund complied with all statutory and regulatory requirements throughout the year and was managed in adherence to the principles of sound corporate governance.

Ethics and Conduct

Committee members upheld highest standards of honesty and integrity, in accordance with Chapter Six of the Constitution of Kenya, 2010, and the principle of good governance. They conducted themselves ethically and complied fully with all applicable laws, regulations, audits, accounting standards, corporate policies, procedures, and codes of ethics in the performance of their duties.

Conflict of Interest

The committee recognized its fiduciary duty to act honestly and in the best interest of the fund. All business transactions were conducted at arm's length and fully disclosed. The committee also promoted diversity across the organization, respecting differences in age, gender, ethnicity, and cultural background among committee members and employees. No applicant was discriminated against on any of these grounds.

Internal Control Framework

The fund continually reviews its internal control framework to maintain a robust and effective internal control environment. Processes and controls are regularly addressed, and risk-based audit are periodically conducted to provide assurance over key processes and to address operational and financial risks facing the fund.

Succession plan

The fund has a well-spelt succession plan as elaborated by the regulations.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Service charter

The fund does not have any service charter so far.

Induction and training

The fund did not carry any training during the year.

Internal Audit

The internal audit reviewed significant control issues raised by the management as well as by the internal and external auditors, and reported its findings to the board. Where any weaknesses were identified, the committee ensured that management implemented appropriate corrective action. No major shortcomings or control weaknesses were noted during the year.

Auditor

The fund is audited by the Office of the Auditor-General (OAG).

8. Management Discussion and Analysis

Operational Performance

This report highlights the significant impact the Fund has had since inception, particularly facilitating many members acquire new vehicles and residential homes which has tremendously boosted their morale. By 30th June 2025, the Fund had disbursed a total of Kshs. 27,722,366 in car loans and Kshs. 176,667,099 in mortgage, bringing the cumulative amount disbursed to Kshs. 204,389,465. This is a commendable achievement that demonstrates positive trajectory and promising future of the scheme.

Since inception, the scheme has generated a total net profit of Kshs. 13,244,217, increasing the fund balance to Kshs. 300,654,554 from the original Kshs. 287,410,337 received from the County Treasury. However, this balance was reduced by Kshs. 112 million following the issuance of car grants to members as approved by the Salaries and Remuneration Commission in February 2021. As a result, the current Fund balance stands at Kshs. 188,654,554.

The fund is currently being managed by the Family Bank, Kitui Branch in accordance with an agreed term of reference.

Compliance with Statutory Requirements

The committee fully recognize its statutory obligation of paying fringe benefit taxes on these loans. Since the applicable rate of 3% is lower than the rate prescribed rate by the Kenya Revenue Authority Commissioner, fringe benefit tax is due and payable by the employer. The County Assembly has consistently met this obligation in compliance with the Income Tax Act, with sufficient budgetary allocation provided to ensure timely payment.

In addition, the fund has put in place a life protection policy covering members against death or permanent disability, in line with regulations requiring that all loans be insured and secured by a perfected Title Deed or jointly registered logbook.

Implementation Challenges

Though the schemes have had a positive impact on the welfare of the state officers, the committee has faced numerous challenges during its implementation. These include;

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

a) Lack of Title Deeds

The committee acknowledges that some areas are yet to be adjudicated for issuance of Title Deeds. This has prevented some members of County Assembly from applying for mortgage due to lack of required security. The committee hopes that all Members will fully appreciate the benefits of the valuable scheme and take advantage of these affordable loans.

b) Delays in Disbursements of Funds

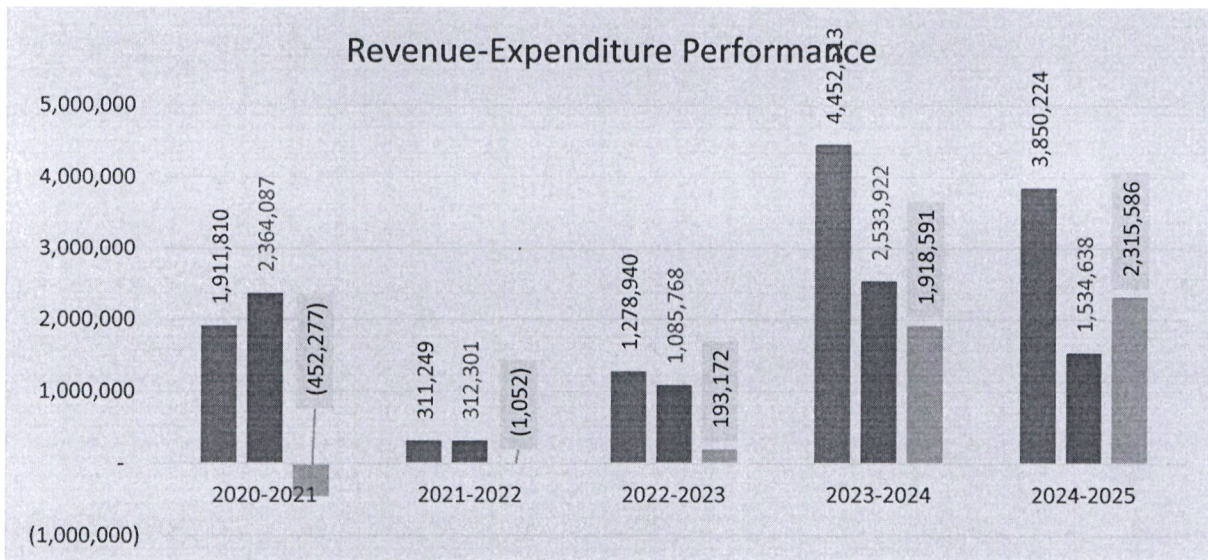
There were delays in receiving disbursements from the National Treasury hence delaying payment of loans to respective members.

FINANCIAL PERFORMANCE

The committee reviewed most aspects of the financial reporting framework and made changes to ensure we remain in line with both the latest regulatory requirements and best practices.

The fund's revenue grew tremendously due to an increase in loan uptake. The performance for the last five (5) years is as shown below;

Year	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Revenue	1,911,810	311,249	1,278,940	4,452,513	3,850,224
Expenses	2,364,087	312,301	1,085,768	2,533,922	1,534,638
Surplus	(452,277)	(1,052)	193,172	1,918,591	2,315,586



**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Risks Facing the Fund

The primary risk facing the fund is the potential for member loan default. To mitigate this, the management employed a robust loan recovery strategy during the year, ensuring that all repayments were strictly recovered through HRIS-ke payroll system. This system significantly reduced the likelihood of defaults. The fund has also remained fully compliant with all statutory obligations, including payment of fringe benefit taxes and timely submission of all required reports, with no outstanding obligations at the end of the year.

Key Project

The core objective of the fund is to provide members with affordable loans to acquire vehicles or residential properties to support them in fulfilling their official duties in the County Assembly. This objective has been successfully met, with the majority of the members benefiting from the car loan facility, mortgage facility or both.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Environmental and Sustainability Reporting

Corporate Social Responsibility / Community Engagements

The Fund did not carry out any Corporate Social Responsibility (CSR) activities during the year.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

10. Report of the Fund Management Committee

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

Principal activities

The principal activities of the Fund are to provide car loans and mortgages to Members of the County Assembly.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 45.

Trustees

The members of the Board of Management who served during the year are shown on page vi to vii. There were no changes in the Board during the financial year.

Auditors

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

By Order of the Board



Hon. Mathew N. Vuthi

Chairperson of the Fund Management Committee

Date: 22/10/2025

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

11. Statement of Management’s Responsibilities

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kitui County Car Loan & Mortgage (Members) Fund Regulations, 2018. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 22nd October 2025 and signed on its behalf by:


.....

LUCY WAEMA
Administrator of the Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KITUI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE (MEMBERS) 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund set out on pages 1 to 42 which comprise of the

Report of the Auditor-General on Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund for the year ended 30 June, 2025

statement 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 Kitui County Assembly Car Loan and Mortgage (Members) 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 Kitui County Car Loan and Mortgage (Members) Fund Regulations, 2018 and 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 Kitui County Assembly Car Loan and Mortgage (Members) 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,500,000 and Kshs.3,850,224 respectively resulting to an under-funding of Kshs.649,776 or approximately 14% of the budget. Similarly, the Fund expended Kshs.1,534,638 against actual receipts of Kshs.3,850,224 resulting to an under-absorption of Kshs.2,315,586 or approximately 60% of the actual receipts.

The underfunding and under- absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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

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

In connection with my audit on the 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 conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Responsibilities of the Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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


04 November, 2025

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	FY2024- 2025	FY2023- 2024
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	6	0	0
Transfers from the County Government	7	0	0
Fines, penalties and other levies	8	0	0
Revenue from exchange transactions			
Interest income	9	3,850,224	4,452,513
Other income	10	0	0
		3,850,224	4,452,513
Total revenue		3,850,224	4,452,513
Expenses			
Employee Costs	11	0	0
Use of goods and services	12	1,534,638	2,533,922
Depreciation and Amortization Expense	13	0	0
Finance costs	14	0	0
Total expenses		1,534,638	2,533,922
Other gains/losses			
Gain/loss on disposal of assets	15	0	0
Gain /Loss on fair value of investments	16	0	0
Surplus/(deficit) for the period		2,315,586	1,918,591

The notes set out on pages 18 to 39 form an integral part of these Financial Statements



.....
Lucy N. Waema
Fund Administrator



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Mutua Mwendwa
Fund Accountant
ICPAK Member Number: 26038

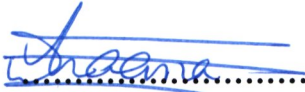
**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

14. Statement of Financial Position As at 30 June 2025

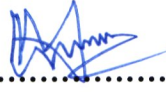
Description	Note	FY2024-2025	FY2023-2024
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	17	84,605,854	41,994,750
Current portion of long-term receivables from exchange transactions	18	58,000,028	57,016,943
Prepayments	19	0	0
Inventories	20	0	0
Investments in financial assets	21	0	0
Total Current Assets		142,605,882	99,011,693
Non-current assets		0	0
Property, plant and equipment	22	0	0
Intangible assets	23	0	0
Long term receivables from exchange transactions	18	46,330,062	87,702,537
Investment Property	24	0	0
Total non- current assets		46,330,062	87,702,537
Total Assets (A)		188,935,944	186,714,230
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	281,390	375,262
Current Provisions	26	0	0
Current portion of borrowings	27	0	0
Employee benefit Obligations	28	0	0
Social benefit liabilities	29	0	0
Total current liabilities		281,390	375,262
Non-current liabilities		0	0
Non-Current Provisions	26	0	0
Long term portion of borrowings	27	0	0
Non-current employee benefit obligation	28	0	0
Social benefit liabilities	29	0	0
Total non-current liabilities		0	0
Total liabilities (B)		281,390	375,262
Net assets (A-B)		188,654,554	186,338,968
Represented By:			
Revolving Fund		175,410,337	175,410,337
Reserves		0	0
Accumulated surplus		13,244,217	10,928,631
Net Assets		188,654,554	186,338,968

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22nd October 2025 and signed by:



.....
Lucy N. Waema
Fund Administrator



.....
Mutua Mwendwa
Fund Accountant
ICPAK Member Number: 26038

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2023	130,887,928	0	9,010,040	139,897,968
Surplus/(deficit) for the period	0	0	1,918,591	1,918,591
Funds received during the year	44,522,409	0	0	44,522,409
Transfers	0	0	0	0
Revaluation gain	0	0	0	0
Balance as at 30 June 2024	175,410,337	0	10,928,631	186,338,968
Balance as at 1 July 2024	175,410,337	0	10,928,631	186,338,968
Surplus/(deficit) for the period	0	0	2,315,586	2,315,586
Funds received during the year	0	0	0	0
Transfers	0	0	0	0
Revaluation gain	0	0	0	0
Balance as at 30 June 2025	175,410,337	0	13,244,217	188,654,555

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

16. Statement of Cash Flows for the Year Ended 30 June 2025

Description	Note	FY2024- 2025	FY2023- 2024
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		0	0
Interest received		3,850,224	4,452,513
Receipts from other operating activities		0	0
Total Receipts		3,850,224	4,452,513
Payments			
Fund administration expenses		1,534,638	2,533,922
General expenses		0	0
Finance cost		0	0
Other payments		0	0
Total Payments		(1,534,638)	(2,533,922)
Net cash flows from operating activities	30	42,611,104	(13,300,937)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	44,522,409
Additional borrowings		0	0
Repayment of borrowings		0	0
Car Grants disbursed		0	0
Net cash flows used in financing activities		0	44,522,409
Net increase/(decrease) in cash and cash equivalents		42,611,104	31,221,472
Cash and cash equivalents at 1 July 2024		41,994,750	10,773,278
Cash and cash equivalents at 30 June 2025		84,605,854	41,994,750

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

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

17. Statement of Comparison of Budget and Actual Amounts for the Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2025	2025	2025	2025	2025	2025
	KShs	KShs	KShs	KShs	KShs	
Receipts						
Public contributions and donations	0	0	0	0	0	0.00
Transfers from County Govt.	0	0	0	0	0	0%
Interest income	4,500,000		4,500,000	3,850,224	649,776	86%
Other income	0	0	0	0	0	0%
Total income	4,500,000	0	4,500,000	3,850,224	649,776	86%
Expenses						
Loan Processing costs	1,500,000	0	1,500,000	1,283,408	216,592	86%
Fund Administration Expenses	1,200,000	0	1,200,000	247,380	952,620	21%
General expenses	0	0	0	0	0	0
Finance cost	10,000	0	10,000	3,850	6,150	39%
Total expenditure	2,710,000	0	2,710,000	1,534,638	1,175,362	48%
Surplus for the period	1,790,000	0	1,790,000	2,315,586	(525,586)	

Budget notes

1. Finance costs- These were bank processing charges. During the year under review, there were few transfers hence bank transactions had low charges.
2. There were no changes to the original budget during the financial year

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	525,586
1	Reason for differences	0
2	Reason for differences	0
3	Reason for differences	0
4	Classification differences	84,080,268
	Closing Cash and Cash Equivalent as per the statement of Cash flows	84,605,854

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kitui County Assembly Car & Mortgage (Members) Schemes Fund is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kenya. The entity's principal activity is to provide car loans and mortgages to Members of the County Assembly.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>There was no impact of the amendment to IPSAS 43 with respect to the current financial report.</i>
IPSAS 44:	<i>Applicable 1st January 2025</i> The Standard requires,

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>Non- Current Assets Held for Sale and Discontinued Operations</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>There was no impact of the amendment to IPSAS 44 with respect to the current financial report.</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There was no impact of the amendment to IPSAS 45 with respect to the current financial report.</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There was no impact of the amendment to IPSAS 46 with respect to the current financial report.</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish</p>

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>There was no impact of the amendment to IPSAS 47 with respect to the current financial report.</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>There was no impact of the amendment to IPSAS 48 with respect to the current financial report.</i></p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>There was no impact of the amendment to IPSAS 49 with respect to the current financial report.</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>There was no impact of the amendment to IPSAS 50 with respect to the current financial report.</i></p>

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly on June 28, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 140,594,663 on the FY 2024-2025 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 23*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *The assembly does not maintain reserves.*

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26.

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

The fund did not have any provision during the financial year.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

6. Public contributions and donations

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

7. Transfers from County Government

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	0	0
Payments By County on Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	0	0

8. Fines, penalties and other levies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

9. Interest income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	3,349,756	3,776,564
Interest Income from Car Loans	500,468	675,949
Interest Income from Investments in financial assets	0	0
Interest Income on Bank Deposits	0	0
Total Interest Income	3,850,224	4,452,513

These revenues came from the loan disbursed to members of County Assembly during the said financial years.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

10. Other income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

11. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other (<i>Specify</i>)	0	0
Total	0	0

12. Use of Goods and Services

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
General Office Expenses	0	0
Loan Processing Costs	1,283,408	1,484,171
Professional Services Costs	0	0
Administration Fees	247,380	1,042,000
Committee Allowances	0	0
Bank Charges	3,850	7,751
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other (<i>Specify</i>)	0	0
Social benefit expenses*	0	0
Total	1,534,638	2,533,922

13. Depreciation and Amortization Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

14. Finance costs

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

15. Gain/(loss) on disposal of assets

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

16. Gain/ (loss) on Fair Value Investments

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

17. Cash and cash equivalents

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Kitui County Assembly Car Loan Account	0	0
Kitui County Assembly Staff Car & County Mortgage Account	84,605,854	41,994,750
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	0	0
Others (<i>Specify</i>)	0	0
Total Cash And Cash Equivalents	84,605,854	41,994,750

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

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

Financial Institution	Account number	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Family Bank	072000025095	84,605,854	41,994,750
Family Bank		0	0
Sub- Total		84,605,854	41,994,750
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		84,605,854	41,994,750

18. Receivables from exchange transactions

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Current Receivables		
Interest receivable	124,836	172,922
Current loan repayments due	57,875,192	56,440,020
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total Current receivables	58,000,028	57,016,942
Non-Current receivables		
Long term loan repayments due	46,330,062	87,702,537
Total Non-current receivables	46,330,062	87,702,537
Total receivables from exchange transactions	104,330,090	144,719,479

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

Additional disclosure on interest receivable

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	124,836	172,922
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

19. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

20. Inventories

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (<i>Specify</i>)	0	0
Total Inventories at The Lower of Cost and Net Realizable Value	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes to the Financial Statements (Continued)

Detailed disclosure on inventories

	FY2024-2025	FY2023-2024
Opening balance	0	0
Additional Inventory in the year	0	0
Inventory expensed in the year	0	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	0	0

21. Investments in financial assets

Description	FY2024-2025	FY2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity xxx	0	0
Sub- total	0	0
Grand total	0	0

Movement of Equity Investments

	FY2024-2025	FY2023-2024
Impairment allowance/ provision	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements Continued

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		FY2024-2025	FY2023-2024
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements Continued

22. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	(0)	(0)	0	0	(0)
Transfers/Adjustments	0	(0)	0	(0)	(0)
At 30th June 2024	0	0	0	0	0
At 1st July 2024					
Additions	0	0	0	0	0
Disposals	(0)	0	0	0	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)
At 30st June, 2025	0	0	0	0	0
Depreciation And Impairment					
At 1st July 2023	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	0	0	0	(0)
At 30th June 2024	0	0	0	0	0
At 1st July 2024					
Depreciation	(0)	(0)	(0)	0	(0)
Disposals	0	0	0	0	0
Impairment	(0)	(0)	0	0	(0)
Transfer/Adjustment	0	(0)	(0)	0	0
At 30th June, 2025	0	0	0	0	0
Net Book Values					
At 30th June, 2024	0	0	0	0	0
At 30th June, 2025	0	0	0	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

23. Intangible assets

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

24. Investment Property

Description	FY2024-2025	FY2023-2024
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	(0)	(0)
Depreciation	(0)	(0)
Impairment	(0)	(0)
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

25. Trade and other payables from exchange transactions

Description	FY2024-2025		FY2023-2024	
	Kshs.		Kshs.	
Trade Payables	281,390		375,262	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	281,390		375,262	
Ageing analysis (Trade and other payables)	FY 2024-2025	% of the Total	FY 2023-2024	% of the Total
Under one year	281,390	100%	375,262	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	281,390	100%	375,262	100%

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	0	0	0	0
Additional provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount and time value for money	(0)	(0)	(0)	(0)
Total provisions year end	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

27. Borrowings

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	(0)	(0)
Repayments Of Domestic Borrowings During the Period	(0)	(0)
Balance At End of The Period	0	0

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

Notes To the Financial Statements Continued

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements (Continued)

28. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	FY2024-2025	FY2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

29. Social Benefit Liabilities

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non-current social benefits	0	0
Total	0	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Notes To The Financial Statements (Continued)

30. Cash generated from operations.

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Surplus/ (deficit) for the year before tax		
Adjusted for:		
Depreciation	0	0
Amortisation	0	0
Gains/ losses on disposal of assets	0	0
Interest income	3,850,224	4,452,513
Finance cost	(1,534,638)	(2,533,922)
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	40,389,389	(15,397,297)
Increase in payables	(93,872)	177,769
Net cash flow from operating activities	42,611,104	(13,300,937)

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Notes To The Financial Statements (Continued)

31. 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) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Notes To The Financial Statements (Continued)

Other Disclosures Continued

e) Due to related parties

Description	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

32. Contingent assets and contingent liabilities

Contingent Liabilities	FY2024-2025	FY2023-2024
	Kshs.	Kshs.
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

Notes To the Financial Statements Continued

33. Financial risk management

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

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

a) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
At 30 June 2025				
Receivables from exchange transactions	104,330,090	104,330,090	0	0
Receivables from non -exchange transactions	0	0		
Bank balances	84,605,854	84,605,854	0	0
Total	188,935,944	188,935,944	0	0
At 30 June 2024				
Receivables from exchange transactions	144,719,479	144,719,479	0	0
Receivables from non -exchange transactions	0	0		
Bank balances	41,994,750	41,994,750	0	0
Total	186,714,230	186,714,230	0	0

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Notes To the Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2025				
Trade payables	281,390	0	0	281,390
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	281,390	0	0	281,390
At 30 June 2024				
Trade payables	375,262	0	0	375,262
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	375,262	0	0	375,262

c) Market risk

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

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

Notes To the Financial Statements (Continued)

market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

Foreign currency sensitivity analysis

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

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Notes To the Financial Statements (Continued)

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 38,502 (2024: Kshs 44,525). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 115,779 (2024 – Kshs 95,930).

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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d) Capital risk management.

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Revaluation reserve	0	0
Revolving fund	175,410,337	175,410,337
Accumulated surplus	13,244,217	10,928,631
Total funds	188,654,554	186,338,968
Trade payables	281,390	375,262
Total borrowings	0	0
Less Accrued Interest Receivable	0	0
Less: cash and bank balances	(84,605,854)	(41,994,750)
Net debt/(excess cash and cash equivalents)	104,330,090	144,719,480
Gearing	55.30%	77.66%

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Public Fund established Kitui County Assembly car & Mortgage (Members) Scheme fund under the County Government of Kitui. Its ultimate parent is the County Government of Kitui.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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19. Annexes

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

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

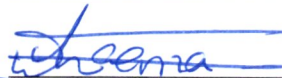
Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Date when expected to resolve the issue)
1.0	<p>Unsupported Long-Term Receivables from Exchange Transactions</p> <p>The statement of financial position and as disclosed in Note 13 to the financial statements reflect long term receivables from exchange transactions balance of Kshs.87,702,537. However, review of the loan documents revealed that loans amounting to Kshs.7,801,001 were issued for renovation and building of houses without the requisite collateral/security documents such as title deed for proof of ownership of property.</p> <p>In the circumstances, the propriety and validity of the loans</p>	<p><i>The Management wishes to clarify that, Section 17 (8) of Kitui County Car Loan and Mortgage (Members) Fund Regulations, 2018 provides for use of any security document for security perfection. (Annexure I- Extract of Regulation). The affected members provided 3rd party security documents valued equally or more than the loans applied for as required. Further the owners of the said 3rd party securities gave consent for use of their title deeds through sworn affidavits, executed all required documents and charges were duly registered over the properties used as security for the loans (Annexure II-copies of the consents and charged documents registered in favor of the Kitui County Assembly Service Board).</i></p>	Not Resolved	

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Date when expected to resolve the issue)
	amounting to Kshs.7,801,001 could not be confirmed.			
	OTHER NON COMPLIANCE			
1.	<p>Failure to Pay Rates, Rents and Insurance</p> <p>Review of loan disbursements records revealed that there were no receipts showing proof that the borrowers had paid land rates, rents and insurance for the properties acquired. This is contrary to Regulation 15(2)(b) of the Kitui County Assembly Service Board Employees' Mortgage Fund Scheme Rules and Regulations, 2015 which stipulates that the borrower shall meet and pay all rates, rents, insurance and any other outgoing in respect of the property and send the proof of such</p>	<p><i>The management wishes to clarify that all properties were insured during the year under review. The Memorandum of Understanding between the KCASB and Family Bank provides for the following terms and conditions of lending:4(ii) A group life insurance premium of 0.5% P.A. for car loans and 0.385% P.A. for mortgage loans, the cost of which shall be met by the borrower. This shall be charged upfront for the entire loan tenure. In view of the above, loan insurance premiums were deducted by the bank to insure the properties. (Annexure III-Confirmation of insurance payments).</i></p> <p><i>In relation to the land rates and rent the management wishes to clarify that properties for which the loans were disbursed, rates and rents were not applicable</i></p>	Not Resolved	

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Date when expected to resolve the issue)
	payments to the Board. In the circumstances, Management was in breach of the law.			



**LUCY N. WAEMA
ADMINISTRATOR OF THE FUND**

DATE...22nd October 2025.....

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Annex II: Inter-Fund Confirmation Letter
[N.A]

Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
P.o.Box 694 – 90200 Kitui

The *Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund* wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Fund (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
N/A	N/A						
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name AUGUSTUS KIBET Sign [Signature] Date 22nd October 2025

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

**Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund
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Annex IV: Reporting on Disaster Management Expenditure

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