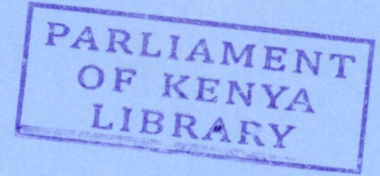
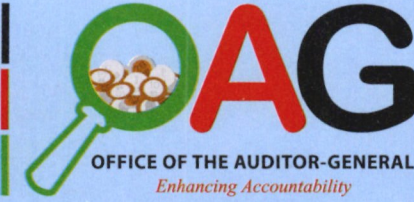


REPUBLIC OF KENYA



REPORT

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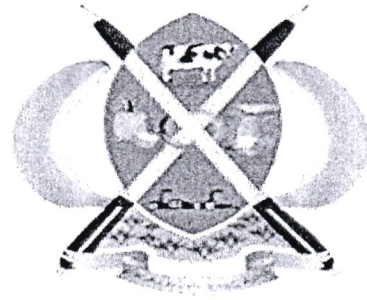
THE AUDITOR-GENERAL

ON

**NYAMIRA COUNTY MORTGAGE & CAR LOAN
(EXECUTIVE) FUND**

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

PAPERS LAID	
DATE	27/11/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo



NYAMIRA COUNTY EXECUTIVE MORTGAGE AND CAR LOAN SCHEME FUND

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

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

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

a) Acronyms

CECM	County Executive Committee Member
CPA	Certified Public Accountant
FX	Foreign Exchange
ICPAK	Institute of Certified Public Accountant
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
KERRA	Kenya Rural Roads Authority
NT	National Treasury
OAG	Office of Auditor General
PACDU	Public Administration and Coordination of decentralized Units
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SAGA	Semi- Autonomous Government Agency
SC	State Corporation
Kshs	Kenya Shillings

b) Definition of Key Terms

Fiduciary Management - The key management personnel who had financial responsibility.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Nyamira County Executive Mortgage and Car Loan Scheme Fund (hereafter referred to as *the Fund*) was established under the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 on May 30, 2015. The Fund is wholly owned by Nyamira County Executive and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Fund is to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The fund administrator is responsible for the day-to-day operations.

The Fund's objectives are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

c) Fund Administration Committee

Ref	Name	Position
1	Jones Omwenga	Chairperson
2	Alice Manoti	Committee Member
3	Bernard Maina	Committee Member
4	CPA Dr Asenath Maobe	Fund Administrator

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Fund and Information Management (Continued)

d) Key Management

Ref	Name	Position
1	Jones Omwenga	Chairperson
2	CPA Dr Asenath Maobe	Fund Administrator
3	CPA Jemima Abuga	Head of Treasury Accounting Services
4	CPA Rael Nyandika	Fund Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Ann Nyanchama Ong'era

f) Registered Offices

P.O. Box 434 - 40500
Nyamira County Building
Off Kisii – Chemosit Road
Nyamira, Kenya.

g) Fund Contacts

Telephone: (254)-0738727272, 0735232323
E-mail: info@nyamira.go.ke
Website: www.nyamira.go.ke

h) Fund Bankers

Equity Bank
Nyamira Branch
P.O. Box
Nyamira, Kenya.

Key Fund and Information Management (Continued)

i) Independent Auditor

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



j) Principal Legal Adviser

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

k) County Attorney

Erastus Orina,
The Honorable County Attorney,
P.O. Box 434-40500,
Nyamira,
Kenya.

3. Fund Administration Committee

 <p>Mr. Jones Moko Omwenga CECM: Finance and Economic Planning and Chairperson, Mortgage & Car Loan Scheme Fund Management Committee <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p>Academic Qualifications Mr. Jones Moko Omwenga is from Itibo ward, Nyamira North sub-county. In his educational sojourn, he has attained a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p>Professional Experience In the County Government of Nyamira, he has previously served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively. Currently he serves as the County Executive Committee member for Finance & Economic Planning department.</p>
 <p>Mrs Alice Manoti CECM: Gender, Sports, Culture, Youth and Social Services and Member, Mortgage & Car Loan Scheme Fund Management Committee <u>NYAMIRA COUNTY EXECUTIVE</u></p>	<p>Academic qualifications Mrs Alice Manoti is a graduate of Egerton University.</p> <p>Professional qualifications Mrs. Manoti has vast experience in the public service sector spanning close to 30 years. She has worked in Kisii county formerly Kisii district where she rose to the rank of DLPO then later was assigned to head a KAPPAP world bank project at Ogembo.</p> <p>In the County Government of Nyamira, she has previously worked as a chief officer for water and sanitation department, PSM department (formerly Public Administration and Coordination of decentralized Units (PACDU) and Transport, Roads and Public Works department.</p>



Mr Bernard Maina
*CECM: Trade, Tourism, Industry and
 Cooperative Development and Member,
 Mortgage & Car Loan Scheme Fund
 Management Committee*
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Mr. Bernard Maina holds a Bachelor of Science (BSC) degree from the University of Nairobi and professional Certificate in Retail Banking from Retail Banking Academy International.

Professional Experience

He is skilled in Business Development, Customer experience, Relationship building and Management, Credit origination and analysis SME banking, Foreign Exchange (FX) and Operations risk management.



CPA Dr Asenath Maobe
*Chief Officer, Finance & Accounting Services
 and Fund Administrator,
 Mortgage & Car Loan Scheme Fund*
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

CPA Dr Asenath Maobe holds a Ph.D. in Finance, MBA in Finance, a postgraduate Degree in International Education Policy, Leadership and Management and a Bachelor of Commerce – Accounting (Hons).

Professional Experience

CPA Dr Maobe is a certified Public Accountant (CPA) of Kenya and a member of the Institute of Certified Public Accountants of Kenya - ICPAK in good standing (membership number 22934). She has over fifteen years strong interdisciplinary experience in; Administration, Research, Gender works, Operational risk management, Accounting, Auditing, Training, Education, Education policy, Investment banking, Budgeting and Leadership.

4. Management Team



Mr. Jones Moko Omwenga
CECM: Finance and Economic Planning and
Chairperson, Mortgage & Car Loan Scheme
Fund Management Committee
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

Mr. Jones Moko Omwenga is from Itibo ward, Nyamira North sub-county. In his educational sojourn, he has attained a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.

Professional Experience

In the County Government of Nyamira, he has previously served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively. Currently he serves as the County Executive Committee member for Finance & Economic Planning department.



CPA Dr Asenath Maobe
Chief Officer, Finance & Accounting Services
and Fund Administrator,
Mortgage & Car Loan Scheme Fund
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

CPA Dr Asenath Maobe holds a Ph.D. in Finance, MBA in Finance, a postgraduate Degree in International Education Policy, Leadership and Management and a Bachelor of Commerce – Accounting (Hons).

Professional Experience

CPA Dr Maobe is a certified Public Accountant (CPA) of Kenya and a member of the Institute of Certified Public Accountants of Kenya - ICPAK in good standing (Membership number 22934). She has over fifteen years strong interdisciplinary experience in; Administration, Research, Gender works, Operational risk management, Accounting, Auditing, Training, Education, Education policy, Investment banking, Budgeting and Leadership.



CPA Jemimah Abuga
Head of Treasury Accounting Services
NYAMIRA COUNTY EXECUTIVE

Academic Qualifications

CPA Jemimah Abuga is the Head of Accounting Services. She holds a Bachelor of Commerce degree with a bias in Accounting and Auditing from Jomo Kenyatta University of Agriculture and Technology.

Professional Experience

CPA Abuga is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. (Membership number 12842).

She has a working experience in the Public Sector spanning over 34 years having raised from Clerical Officer, to a Chief Accountant and now the position of the Head of Treasury Accounting Services.

5. Fund Chairperson's Report

During the financial year 2015/2016, the County created a revolving mortgage and car loan scheme fund by the name Nyamira County Executive Mortgage and Car Loan Scheme Fund to provide a loan scheme for the purchase of cars and purchase, development, renovation or repair of residential property by members of the scheme (Executive Committee Member or County Public servant). The loans issued to each County Executive Committee Member would be repayable within the term in office of the office bearers at an interest rate of three (3) Per cent per annum on reducing balance.

Upon operationalization of the Fund in August 2015 an initial capital of the fund of Kshs. 52,500,000 was appropriated and injected from the County Treasury. In the financial years ended June 30, 2023 and June 30, 2024, Ksh. 70,000,000 and Ksh. 25,000,000 respectively was appropriated and injected to the Fund Capital and during the financial year under review, a further Kshs. 5,000,000 injected into the revolving fund capital. The Fund Capital by the end of the financial year was Kshs. 152,500,000.

For the financial year under review, the Fund recorded a surplus of Kshs. 3,469,861 up from a surplus of Kshs. 3,347,719 reported in the comparative year. Total assets of Kshs. 158,260,157 were reported during the year under review, up from Kshs. 149,790,296 reported in the comparative year.

Since inception of the Fund, only County Executive officers at top senior management positions have benefited from the Fund. The Loans Management Committee is currently in the process of cascading accessibility to the Fund by other County executive officers. This will however, be done in stages as dictated by availability of funds.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30th June 2025.



Jones Omwenga
CHAIRPERSON – MORTGAGE LOANS MANAGEMENT COMMITTEE
August 28, 2025

6. Report of The Fund Administrator


Section 19 (d) of the Nyamira County Executive Mortgage and Car Loan Scheme Fund Regulations, 2015 provides that the Administrator of the Fund shall prepare, sign and transmit to the Auditor General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him or her specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act.

In the year under review, the Fund recorded a surplus of Kshs. 3,469,861 by netting total expenditure of Kshs. 8,978 against total revenue of Kshs. 3,478,839. An initial outlay of Kshs. 52,500,000 was appropriated and injected from the County Treasury during the 2015/16 financial year. In the financial years ended June 30, 2023 and June 30, 2024, Ksh. 70,000,000 and Ksh. 25,000,000 respectively was appropriated and injected to the Fund Capital and during the financial year under review, a further Kshs. 5,000,000 injected into the revolving fund capital. With the accumulated surplus of Kshs. 5,481,537 the Fund recorded total net assets of Kshs. 157,981,537.

During the year under review, loan disbursements totalling to Kshs. 15,000,000 were done to scheme members. Principal loan recoveries of Kshs. 22,401,789 were made. The Fund ended up with Ksh 29,224,149 in cash and cash equivalents and receivables of Kshs. 129,036,008; being Kshs. 117,811,877 and Kshs. 11,224,131 from exchange transactions and non-exchange transactions respectively.

Widening of the scope of membership to the fund for the benefit of the other County Executive public officers is yet to be attained. As such, the scheme does not enjoy the advantage of economies of scale on interest income earned which forms the largest portion of revenue from exchange transactions.

It is my pleasure to present the Report and Financial Statements of the Nyamira County Executive Mortgage and Car Loan Scheme Fund for the year ended 30th June 2025.


CPA Dr Asenath Maobe
FUND ADMINISTRATOR

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

Introduction

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

The key development objectives of the Fund are to:

- Provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.
- Provide a loan scheme for the purchase of vehicles by members of the Scheme.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Nyamira County Executive Mortgage scheme fund	To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the Scheme.	Increased home ownership by the scheme members	Amount of mortgage loans advanced to scheme members	In FY 2024/2025 Nyamira county executive through the Mortgage scheme fund advanced Ksh. 15,000,000 as new loans to the scheme members
Nyamira County Executive Car Loan Scheme fund	To provide a loan scheme for the purchase of vehicles by members of the scheme.	Increased car ownership by the scheme members	Amount of car loans advanced to scheme members	In FY 2024/2025 Nyamira county executive never advanced car loans to its scheme members

8. Corporate Governance Statement

After the August 2017 general election that saw the re-election of the governor, H.E. John Obiero Nyagarama to office, ten County Executive Committee members (CECMs) were appointed to office for a two years term with effect from November 1, 2017. One of the appointed CECMs resigned. After expiry of the first two years term, the remaining nine CECMs were reappointed and held office until December 2020 upon the unfortunate demise of Governor John Obiero Nyagarama. H.E. Amos Nyaribo took over as the new County Governor on 29th December 2020. The 9th August 2022 General Elections resulted to the re-election of H.E. Amos Nyaribo to office. The governor thereafter appointed ten County Executive Committee members. Four of these CECMs plus the County Chief Officer for Finance and Accounting Services were appointed by H.E. the governor to the Mortgage Loans Management Committee as appears in the Fund Administration Committee section on page vii. This Mortgage Loans Management Committee co-opted the honourable County Attorney to the Committee.

9. Management Discussion and Analysis

During the year under review, the Fund recorded a surplus of Kshs. 3,469,861 up from a surplus of Kshs. 3,347,719 reported in the comparative year. The fund disbursed mortgage loans worth 50,381,118 and recorded principal loan recoveries of Kshs. 22,401,789. Currently, only County Executive officers at top senior management positions benefit from the Fund. The management tabled a proposal to widen the scope of membership to the fund for the benefit of the other County Executive officers before the County assembly. The proposal is under consideration by the said oversight body. Once this proposal is passed, the management expects to record more interest which is the major source of income from exchange transactions. This will in turn improve the financial performance of the fund and ensure its sustainability.

The management, from time to time, seeks to have enabling regulations governing the fund's operations and is committed to ensure strict adherence to the set fund regulations in furtherance of compliance with statutory requirements.

10. Environmental and Sustainability Reporting

The Nyamira County Executive Mortgage and Car Loan Scheme Fund exist to transform lives. This is the Fund's purpose; the driving force behind everything it does. It's what guides the Fund to deliver its strategy, putting the customer/Citizen first, delivering relevant services, and improving operational excellence.

During the financial year under review, the Fund did not engage in any activity that foster environmental and Sustainability engagement. The fund, however, intends to start engaging in activities that promote sustainability upon widening the scope of the Scheme to cover more members.

11. Report of The Trustees

The Mortgage Loans 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's affairs.

Principal activities

The principal activities of the Entity are to:

- Process applications for loans in accordance with the set terms and conditions of borrowing.
- Liaise with the mortgage company, if any, to set up a revolving fund for the disbursement of the loans.

Performance

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

Mortgage Loans Management Committee

The members of the Mortgage Loans Management Committee who served during the year are shown on page vii. During the year no member retired/ resigned and the members co-opted the Honourable County Attorney to the committee.

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 Mortgage Loans Management Committee



.....
Jones Omwenga
CHAIRMAN – MORTGAGE LOANS MANAGEMENT COMMITTEE
August 28, 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 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 the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. 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.

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern. 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 August 28, 2025 and signed on its behalf by:



CPA Dr Asenath Maobe

FUND ADMINISTRATOR

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 NYAMIRA COUNTY MORTGAGE & CAR LOAN (EXECUTIVE) FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyamira County Mortgage & Car Loan (Executive) Fund set out on pages 1 to 22, which comprise of the statement of

Report of the Auditor-General on Nyamira County Mortgage & Car Loan (Executive) Fund for the year ended 30 June, 2025

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, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyamira County Mortgage & Car Loan (Executive) Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Arrears of Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.117,811,877 which includes current loan repayment due and long term loan repayment due of Kshs.59,332,349 and Kshs.49,913,495 totalling Kshs.109,245,844 being amount in arrears as disclosed in Note 4 to the financial statements. The balance has not been recovered as required by Regulation 18 of the County Fund Regulations, 2015. The Regulation empowers the Fund Committee to call in a loan and, in default, sell the charged property by public auction or private treaty where the borrower is in breach of the loan agreement terms.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions of Kshs.117,811,877 could not be confirmed.

2. Unsupported Loan Disbursements

The statement of cash flows and Note 8 to the financial statements reflect loan disbursements amounting to Kshs.15,000,000, being mortgage loans to two (2) members of the County Executive of Kshs.10,000,000 and Kshs.5,000,000. The loans were granted for the acquisition of parcels of land for development.

However, the loans were not supported by the requisite documentation, including approved copies of the proposed residential property, bills of quantities for the intended development and official title searches for the properties to be developed.

In the circumstances, the propriety of the loan disbursements of Kshs.15,000,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Prior year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Management has stated that two (2) prior-year issues were resolved while one (1) remained unresolved. However, no evidence was provided to confirm how the two were resolved. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page iii to xviii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairpersons Report, Report of the Fund Administrator, Statement of Performance against the Fund's Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Trustee and Statement of Management's responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Irregular Direct Loan Disbursements

The statement of cash flows and Note 8 to the financial statements reflect loan disbursements amounting to Kshs.15,000,000, being mortgage loans to two (2) members of the County Executive of Kshs.10,000,000 and Kshs.5,000,000. The loans were for acquisition of parcels of land for development.

The approved loans were paid directly into the applicants' bank accounts instead of to the sellers of the parcels of land contrary to Regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

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

2.0 Failure to Register Charges on Securities

Review of the mortgages' records revealed that the Fund Management disbursed loans totalling to Kshs.15,000,000 during the period under review. However, the records provided for audit review did not include registered charges on the properties acquired, contrary to Regulation 16(1) of the Public Finance Management (Nyamira County Mortgage & Car Loan (Executive) Fund) Regulations, 2015, which requires the mortgage institution under these regulations to charge security on properties acquired through loans from the Fund to protect the interests of the Fund and act as custodian of such charges.

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

3.0 Irregularly Issued Mortgage Loans

Review of the loan records revealed that the mortgage loan management committee issued loans to two County Members totalling to Kshs.15,000,000 during the year under review. However, mortgage protection policy was not provided for audit to determine the scope of cover, the period of risk covered and to confirm compliance with Regulation 17(1) of the Public Finance Management (Nyamira County Mortgage & Car Loan

(Executive) Fund) Regulations, 2015, which requires all mortgages loans to have a protection policy.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Regulatory Framework

Review of records and the processes revealed that the Fund had an enabling legislation, “the Public Finance Management (Nyamira County Mortgage & Car Loan (Executive) Fund) Regulations, 2015” which has been repealed. The Management indicated that a new bill, “the Nyamira County Mortgage & Car Loan (Executive) Fund Bill, 2024, has been drafted to re-establish the Fund’s legal basis. However, there was no evidence that the bill has been formally tabled before the County Assembly for debate and enactment. Thus, the Fund risk engaging in acts which are not legally binding thereby exposing the Fund to losses due to actions that could be challenged and overruled.

The Funds risk management and governance were therefore, weak.

2. Lack of Internal Audit Report

Review of the Fund’s records, systems and functions revealed that there were no internal audit reports for the year. Consequently, there was no evidence that the Fund’s operations and financial activities were subjected to periodic review by the county internal audit function. The required checks and recommendations from the Internal Audit Unit were absent from the accountability process.

The internal controls, risk management and governance systems were therefore, weak.

3. Failure to Obtain Approval for the Change of the Loans' Terms

Review of the loan amortization schedules for the year under review revealed that Management extended loan repayment periods for four officers and the monthly installments were revised downwards from Kshs.232,164, Kshs.205,318, Kshs.205,318 and Kshs.95,792 to Kshs.88,000, Kshs.79,000, Kshs.79,000 and Kshs.38,463 respectively. However, the Fund did not provide evidence of prior written approval from the Fund Committee authorizing these adjustments. The possibility of the Fund fully recovering the advanced mortgage loans within the officers' employment contract terms is therefore doubtful.

The internal controls, risk management and governance were therefore, weak.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control 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 those 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

Annexure on Unresolved Prior Years' Matters for Nyamira County Executive Mortgage and Car Loan Scheme Fund 2024

REPORT ON THE FINANCIAL STATEMENTS

1. Non-Performing Loans

The statement of financial position together with Note 4 to the financial statements reflects current receivables from exchange transactions balance of Kshs.57,229,124. Included in this balance is an amount of Kshs. 25,844,051 in respect of outstanding loans owed by eleven (11) former employees of the County Government of Nyamira and which had remained unrepaid for periods ranging from three to seven years. Records available indicate that the management had instituted legal proceedings against the loan defaulters in the Nyamira Magistrate's Court. However, at the time of audit the cases had not been concluded and the loans remained unpaid.

In the circumstances, the recoverability of the long outstanding mortgage arrears of Kshs.25,844,051 was doubtful.

2. Unsupported Loan Disbursements

The statement of cash flows reflects an amount of Kshs.50,381,118 in respect of loans issued out to fourteen (14) members of staff in the during the year. However, the loan applications were not supported with the requisite documents including approved copies of the proposed residential property, bills of quantities in respect of the proposed development and official search of the title to the property to be purchased or developed as required by Regulation 11 (1) of the Nyamira County Executive Mortgage Scheme Fund Regulations, 2015. The management acknowledged this anomaly and expressed commitment to ensure full compliance with the provisions of the Regulations.

In the circumstances, the accuracy and completeness of the loan disbursements could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Failure to Register Charges on Securities

Review of the supporting records of the loans disbursed out during the year revealed that the Fund Management had not registered charges on the loan disbursed of Kshs.50,381,118 contrary to Regulation 16 of the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 which requires that the Board shall have a charge registered on the property financed through a loan granted

Report of the Auditor-General on Nyamira County Mortgage & Car Loan (Executive) Fund for the year ended 30 June, 2025

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

13 November, 2025

under these Regulations and shall be entitled to have its name entered in all documents of title for such property. Although management later provided copies of official search for charged properties, the registration of the charges, if carried out, was done after the end of the financial year under review.

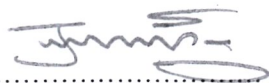
In the circumstances, Management was in breach of the law.

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

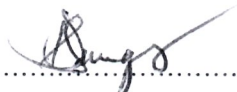
14. Statement of Financial Performance for the Year Ended 30 June 2025

	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest income	1	3,478,839	3,660,964
Total revenue		3,478,839	3,660,964
Expenses			
Use of goods and services	2	8,978	313,245
Total expenses		8,978	313,245
Surplus/(deficit) before tax		3,469,861	3,347,719
Taxation		-	-
Surplus/ (Deficit) after Tax		3,469,861	3,347,719

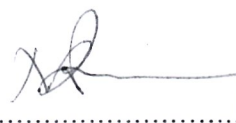
(The notes set out on pages 13 to 21 form an integral part of these Financial Statements)



Jones Omwenga
Chairperson of the Fund



CPA Dr Asenath Maobe
Fund Administrator
ICPAK M/No 22934



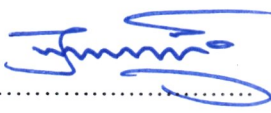
CPA Rael Nyandika
Fund Accountant
ICPAK M/No 15865

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025


15. Statement of Financial Position As at 30 June 2025

	Note	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	3	29,224,149	21,469,756
Current Portion of Long-Term Receivables from exchange transactions	4	67,898,382	57,229,124
Receivables from non-exchange transactions	5	11,224,131	4,581,586
Total Current Assets		108,346,662	83,280,466
Non-current assets			
Long Term Receivables from exchange transactions	4	49,913,495	66,509,832
Total Non-Current Assets		49,913,495	66,509,832
Total assets (A)		158,260,157	149,790,296
Liabilities			
Trade and other payables	6	278,620	278,620
Total Current Liabilities		278,620	278,620
Non-current liabilities			
Total liabilities (B)		278,620	278,620
Net Assets (A-B)		157,981,537	149,511,676
Represented By:			
Revolving fund		152,500,000	147,500,000
Accumulated surplus/Deficit		5,481,537	2,011,676
Net Assets		157,981,537	149,511,676


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 August 28, 2025 and signed by:



Jones Omwenga
Chairperson of the Fund



CPA Dr Aserath Maobe
Fund Administrator
ICPAK M/No 22934



CPA Rael Nyandika
Fund Accountant
ICPAK M/No 15865

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at 1 July 2023	122,500,000	(1,336,043)	121,163,957
Surplus/(deficit) for the period	-	3,347,719	3,347,719
Funds received during the year	25,000,000	-	25,000,000
Interest capitalized*	-	-	-
Transfers	-	-	-
As at 30 June 2024	147,500,000	2,011,676	149,511,676
Balance as at 1 July 2024	147,500,000	2,011,676	149,511,676
Surplus/(deficit) for the period	-	3,469,861	3,469,861
Funds received during the year	5,000,000	-	5,000,000
Interest capitalized			
Transfers			
As at 30 June 2025	152,500,000	5,481,537	157,981,537

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest received	1	2,004,126	2,673,657
Other Receipts	5	25,851,955	8,765,000
Total receipts		27,856,081	11,438,657
Payments			
Employee costs			
Use of goods and services	2	8,978	313,245
Other payments	5	32,494,500	11,191,000
Total payments		32,503,478	11,504,245
Net cash flow from operating activities		(4,647,397)	(65,589)
Cash flows from investing activities			
Purchase of PPE and intangible assets			
Proceeds from sale of PPE			
Proceeds from loan principal repayments	7	22,401,789	22,157,449
Loan disbursements paid out	8	(15,000,000)	(50,381,118)
Net cash flows used in investing activities		7,401,789	(28,223,669)
Cash flows from financing activities			
Receipts into the mortgage revolving fund	9	5,000,000	25,000,000
Net cash flows used in financing activities		5,000,000	25,000,000
Net increase/(decrease) in cash and cash equivalents		7,754,392	(3,289,258)
Cash and cash equivalents at 1 July	3	21,469,756	24,759,013
Cash and cash equivalents at 30 June	3	29,224,148	21,469,756

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Interest income	3,500,000	-	3,500,000	3,478,839	21,161	99%
Total Revenue	3,500,000	-	3,500,000	3,478,839	21,161	99%
Expenses						
Use of goods and services	350,000	-	350,000	8,978	341,023	3%
Expenditure	350,000	-	350,000	8,978	341,023	3%
Surplus for the period	3,150,000	-	3,150,000	3,469,861	-319,861	
Capital Expenditure	-	-	-	-	-	

Budget notes

1. Fund administration expenses as budgeted under Use of Goods and Services were not incurred because of underfunding of the Capital Fund

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,469,861
1	Interest income shortfall was due to non-issuance of some loans as initially budgeted for because of underfunding of the Capital Fund	21,161
2	Fund Administration expenses not incurred because of underfunding of the Capital Fund	(341,023)
3	Portion relating to Fund Capital that is revolving in nature hence not recognized in the budget	26,074,150
	Closing Cash and Cash Equivalent as per the statement of Cash flows	29,224,149

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nyamira County Executive Mortgage and Car Loan Scheme Fund is established by and derives its authority and accountability from the Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015. The Fund is wholly owned by Nyamira County Executive and is domiciled in Kenya. The Fund's principal activity is to Process applications for loans in accordance with the set terms and conditions of borrowing.

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 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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
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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 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Dividends

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

b. Budget information

The original budget for FY 2024/2025 was approved by the Nyamira County Assembly on 26th June 2024. No subsequent revisions or additional appropriations were made to the approved budget. The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis

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

c. 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.

d. Changes in accounting policies and estimates

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

e. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the County Executive Committee members, the County Chief Officers, the directors and senior managers.

f. 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 Equity Bank of Kenya at the end of the financial year.

g. Comparative figures

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

h. Events after the reporting period

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

i. Ultimate and Holding Fund

The Fund is established under The Public Finance Management (Nyamira County Executive Mortgage Scheme Fund) Regulations, 2015 and Public Finance Management (Nyamira County Executive Car Loan Scheme Fund) Regulations, 2015 under the Department of Finance and Economic Planning. Its ultimate parent is Nyamira County Executive

j. Currency

The financial statements are presented in Kenya Shillings (Kshs.).

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

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

6. Notes To The Financial Statements Continued

1 Interest Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Interest income received from mortgage loans	2,004,126	2,673,657
Interest income receivable from mortgage loans	1,474,713	987,307
Total Interest Income	3,478,839	3,660,964

Interest was charged at 3% per annum on reducing balance.

2 Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Admin Expenses		306,900
Bank Charges	8,978	6,345
Other General Expenses		-
Total	8,978	313,245

3 Cash and Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Nyamira County Executive Mortgage Account	29,224,149	21,469,756
Total cash and cash equivalents	29,224,149	21,469,756

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

	FY 2024/2025	FY 2023/2024
Financial institution	KShs	KShs
Mortgage and Car Loan Fund		
Equity Bank Account 0520278737966	29,224,149	21,469,756
Total	29,224,149	21,469,756

4

Receivables from exchange transactions

	FY 2024/2025	FY 2023/2024
Description	KShs	KShs
Current Receivables		
Interest Receivable	1,474,713	987,307
Current Loan Repayments Due	59,332,349	53,637,955
Other exchange debtors - Unremitted payroll deductions	7,091,320	2,603,862
Total Current Receivables	67,898,382	57,229,124
Non-Current Receivables		
Long Term Loan Repayments Due	49,913,495	66,509,832
Total Non-Current Receivables	49,913,495	66,509,832
Total Receivables	117,811,877	123,738,956

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	848,140	743,181
Accrued interest receivable from long-term loans of previous years	581,074	76,368
Interest receivable from current portion of long-term loans issued in the current year	45,499	167,759
Current loan repayments due		
Current portion of long-term loans from previous years	32,234,381	25,100,871
Accrued principal from long-terms loans from previous periods	25,408,699	8,878,124
Current portion of long-term loans issued in the current year	1,689,269	19,658,961

5 **Receivables from Non-Exchange transactions**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Total Receivables brought forward	4,581,586	2,155,586
Transfers (Receipts) From Nyamira County Executive	25,851,955	8,765,000
Transfers (Payments) To Nyamira County Executive	32,494,500	11,191,000
Total Receivables for Year	11,224,131	4,581,586

6 Trade and other payables

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Trade Payables	278,620	278,620
Total trade and other payables	278,620	278,620
Ageing analysis: (Trade and other payables)		
Under one year		
1-2 years		
2-3 years		
Over 3 years	278,620 (100%)	278,620 (100%)
Total	278,620	278,620

7 Proceeds From Principal Loan Repayments

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Proceeds From Principal Loan Repayments	22,401,789	22,157,449
Total Proceeds From Principal Loan Repayments	22,401,789	22,157,449

8 Loan Disbursements

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Loan Disbursements	15,000,000	50,381,118
Total Loan Disbursements	15,000,000	50,381,118

9

Receipts into the Mortgage Revolving Fund

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Receipts into the Mortgage Revolving Fund	5,000,000	25,000,000
Total Loan Disbursements	5,000,000	25,000,000

10. Cash generated from operations

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	3,469,861	3,347,719
Adjusted for:		
Interest income	(1,474,713)	(987,307)
Working capital adjustments		
Increase in receivables	(6,642,545)	(2,426,000)
Increase in payables	-	-
Net cash flow from operating activities	(4,647,397)	(65,589)

11. 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 Fund'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 Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables From Exchange Transactions-Car loans and mortgages	117,811,877	84,729,356	33,082,521	-
Receivables From Non-Exchange Transactions	11,224,131	11,224,131	-	-
Bank Balances	29,224,149	29,224,149	-	-
Total	158,260,157	125,177,636	33,082,521	-
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	123,738,956	97,894,905	25,844,051	-
Receivables From Non-Exchange Transactions	4,581,586	4,581,586	-	-
Bank Balances	21,469,756	21,469,756	-	-
Total	149,790,298	123,946,247	25,844,051	-

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from former executive committee members.

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 Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2025				
Trade Payables	278,620	-	-	278,620
Total	278,620	-	-	278,620
At 30 June 2024				
Trade Payables	278,620	-	-	278,620
Total	278,620	-	-	278,620

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

d) Interest rate risk

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

Management of interest rate risk

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

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.

e) Capital risk management.

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

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Revolving fund	152,500,000	147,500,000
Accumulated surplus (<i>Reserves</i>)	5,481,537	2,011,676
Total funds	157,981,537	149,511,676
Less: cash and bank balances	29,224,149	21,469,756
Net debt/(excess cash and cash equivalents)	128,757,388	128,041,920
Gearing	0%	0%

12. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

i. Transfers from related parties

Description	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs.	Kshs.
Transfers from related parties	25,851,955	8,765,000
Transfers to related parties	32,494,500	11,191,000

13. Events after the Reporting Period

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

14. Ultimate And Holding Entity

The Nyamira County Executive Mortgage and Car Loan Scheme Fund is a Fund under the sponsorship of Nyamira County Executive which is an Independent entity

15. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

20. Annexes

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

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

No	Issue / Observations from Auditor	Management comments	Status	Timeframe
REPORT ON THE FINANCIAL STATEMENTS				
Basis for Qualified Opinion				
1	Non-Performing Loans	The Loans Management Committee through the office of the Honorable County Attorney has instituted loan recovery measures	Unresolved	June 2026
2	Unsupported Loan disbursements	Management ensured provision of all requisite documents for loan application.	Resolved	June 2025
Key Audit Matters				
	Failure to Register Charges on Securities	Management, through the office of the honorable County Attorney, registered a charge on the properties used as securities	Resolved	June 2025



CPA Dr Asenath Maobe

FUND ADMINISTRATOR - NYAMIRA COUNTY EXECUTIVE MORTGAGE & CAR LOAN SCHEME FUND

August 28, 2025

**Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Annex II: Inter-Fund Confirmation Letter A

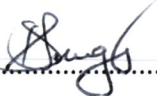
Name of transferring entity: Nyamira County Executive Mortgage and Car Loan Scheme Fund

Name of beneficiary entity: Nyamira County Executive


Confirmation of amounts received by Nyamira County Executive as at 30 th June 2025						
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks	
Cheque	8/27/2024	1,250,000.00		1,250,000	Borrowing by Nyamira County Executive	
Cheque 160/1	9/13/2024	1,800,000.00		1,800,000		
Cheque 162/3/4/5	9/18/2024	3,220,000.00		3,220,000		
Cheque 166	10/4/2024	656,000.00		656,000		
Cheque 167/8	10/18/2024	1,700,000.00		1,700,000		
Cheque 169/170	11/6/2024	1,066,000.00		1,066,000		
Cheque 171/2/3	12/6/2024	1,364,000.00		1,364,000		
Cheque 174/5	1/13/2025	1,560,000.00		1,560,000		
Cheque 176/7/8/9	1/20/2025	3,124,000.00		3,124,000		
Cheque 180	1/21/2025	530,000.00		530,000		
Cheque 182	2/18/2025	935,000.00		935,000		
Cheque 183/4/5/6	2/25/2025	3,718,000.00		3,718,000		
Cheque 187	3/7/2025	530,000.00		530,000		
Cheque 188/9/190/1	3/19/2025	3,120,000.00		3,120,000		
Cheque 192/3/4/5	3/25/2025	3,626,000.00		3,626,000		
Cheque 198/199	4/17/2025	1,060,000.00		1,060,000		
Cheque	6/20/2025	1,055,500.00		1,055,500		
Cheque	6/26/2025	2,180,000.00		2,180,000		
Total		<u>32,494,500</u>		<u>32,494,500</u>		

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

Head of Accounts Department - Disbursing Entity:

Name: Dr CPA Asenath Maobe Sign  Date: August 28, 2025

Head of Accounts Department - Beneficiary Entity:

Name: CPA Jemimah Abuga Sign  Date: August 28, 2025

Nyamira County Executive Mortgage and Car Loan Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Inter-Fund Confirmation Letter B

Name of transferring entity: Nyamira County Executive

Name of beneficiary entity: Nyamira County Executive Mortgage and Car Loan Scheme Fund

Confirmation of amounts received by Nyamira County Executive Mortgage and Car Loan Scheme Fund as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RTGS	7/5/2024	7,202,418		7,202,418	Refund of Borrowing by Nyamira County Executive
RTGS	11/12/2024	6,300,000		6,300,000	
RTGS	12/23/2024	1		1	
RTGS	2/3/2025	1,648,000		1,648,000	
RTGS	3/20/2025	4,653,000		4,653,000	
RTGS	5/2/2025	2,500,000		2,500,000	
RTGS	5/8/2025	3,500,000		3,500,000	
RTGS	6/4/2025	48,536		48,536	
Total		25,851,955		25,851,955	

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

Head of Accounts Department - Disbursing Entity:

Name: CPA Jemimah Abuga

Sign  Date: August 28, 2025

Head of Accounts Department - Beneficiary Entity:

Name: Dr CPA Asenath Maobe

Sign  Date: August 28, 2025