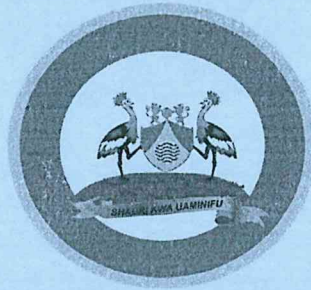


GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

(SECOND SESSION)



NCCA/TJ/PL/2023(53)

22ND JUNE 2023

PAPER LAID

SUBJECT: REPORT OF COMMITTEE

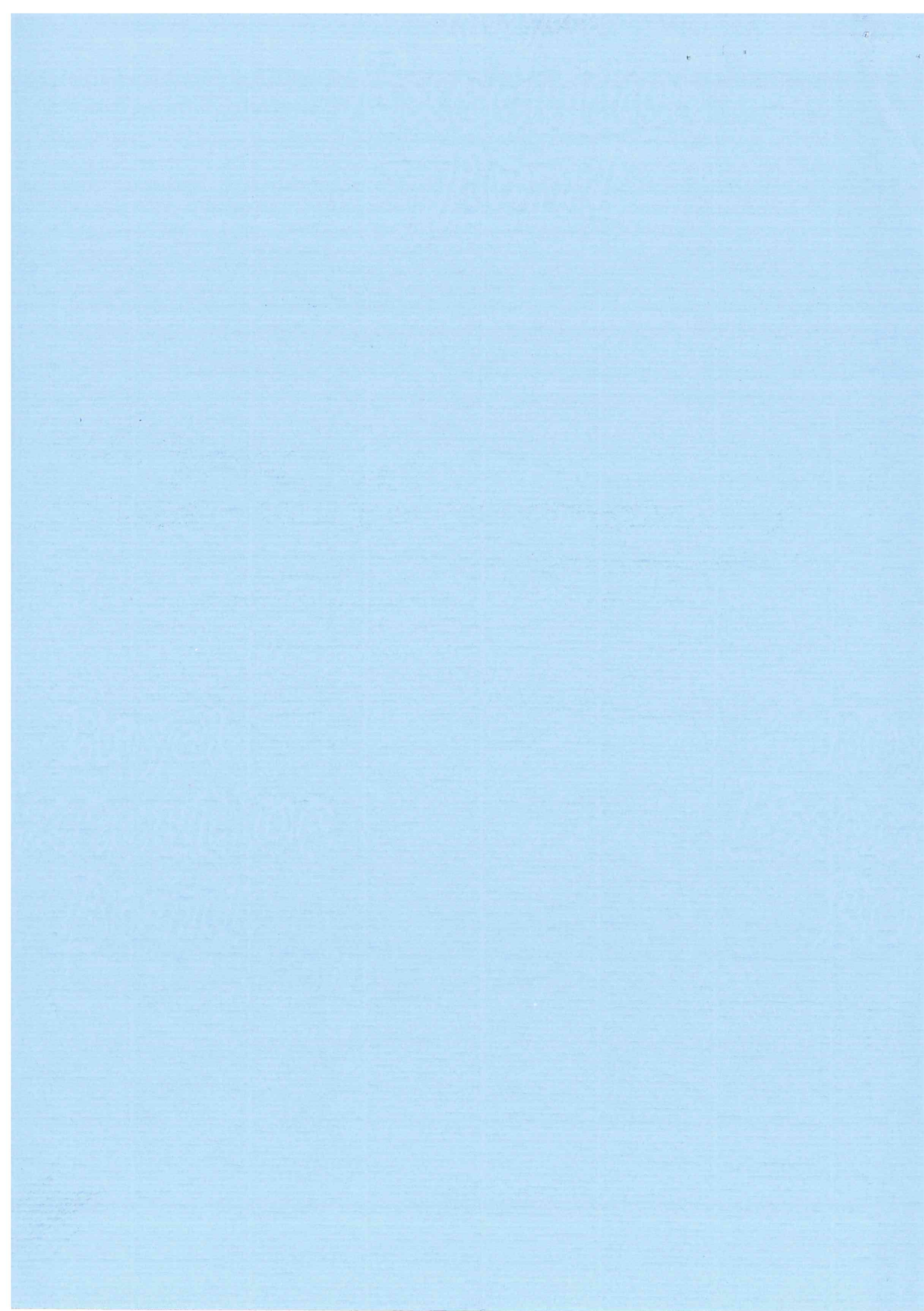
Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Thursday 22nd June 2023.

— THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE 2018.

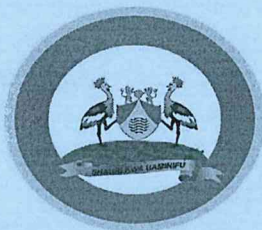
(Chairperson, Select Committee on Public Accounts)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

*Papers laid on the table of
the assembly by Hon. George
Mwaura, Max on 22nd June, 2023*
[Signature]
22/6/23



GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY
(SECOND SESSION)

22nd June 2023

NOTICE OF MOTION

Subject: Adoption of report

Hon. Speaker, I beg to give notice of the following motion:-

- **THAT, this Assembly adopts THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE 2018. , laid on the table of the Assembly today, Thursday, 22nd June 2023.**

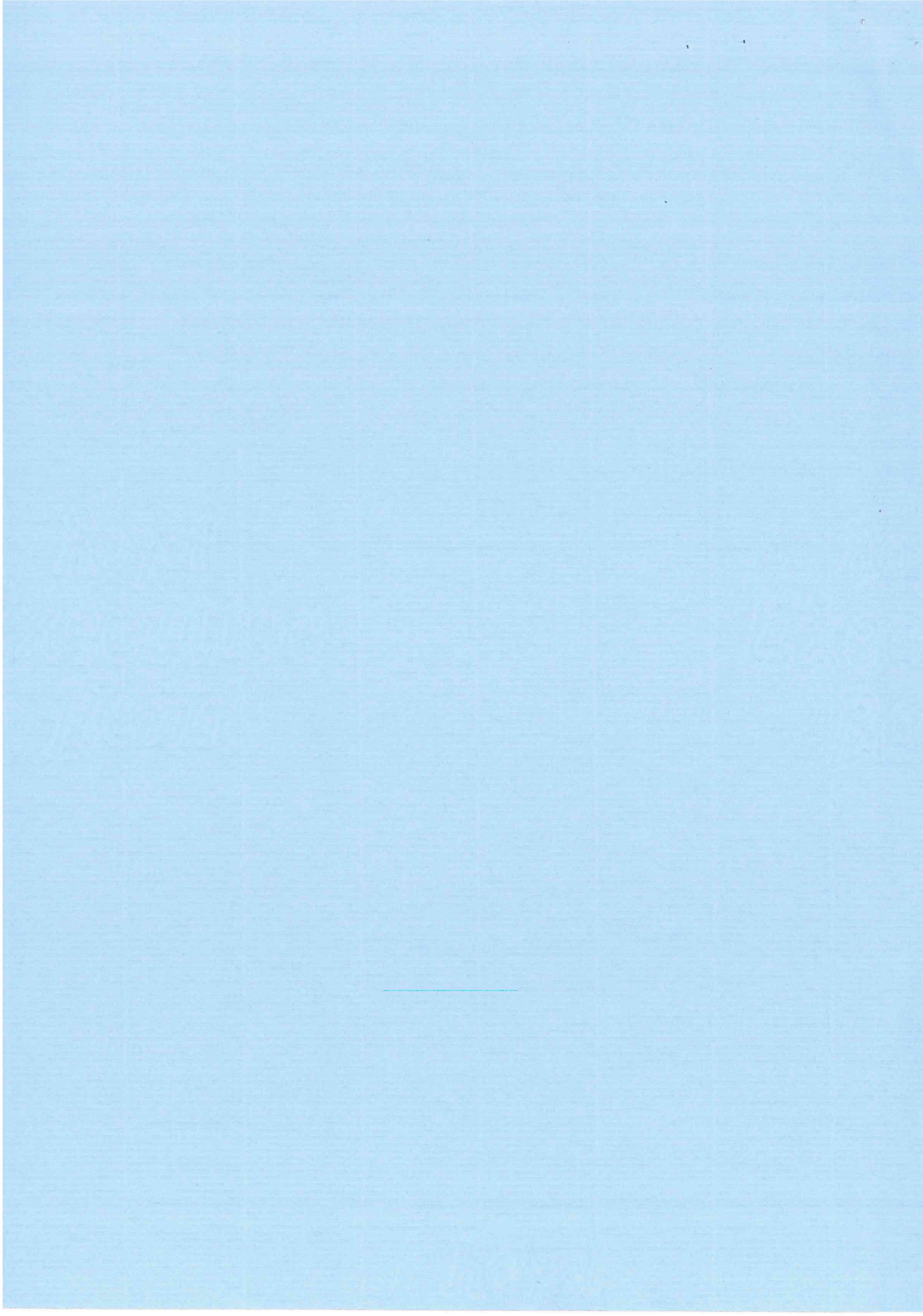
(Chairperson, Select Committee on Public Accounts)

/

Notice of Motion issued
by Hon. George Mwangi, MCA on
22nd June, 2023.

[Signature]
22/6/23

NCCA
APPROVED
22 JUN 2023
Sign: HON. SPEAKER
[Signature]
22/6/23



NAIROBI CITY COUNTY GOVERNMENT



NAIROBI CITY COUNTY ASSEMBLY


THIRD ASSEMBLY – SECOND SESSION

THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS

ON

THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE
FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE
BOARD MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE 2018

Clerks Chambers
Nairobi City County Assembly
City Hall Buildings
NAIROBI

Papers laid on the table
of the Assembly by Hon.
Abge Mwangi, MP on
22nd June, 2023 -

22/6/23

JUNE, 2023

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1.0. PREFACE

Hon. Speaker,

On behalf of the Public Accounts Committee (PAC) and pursuant to the provision of Standing Order 196(6), it is my pleasant privilege and honour to present to this Assembly this report of the Public Accounts Committee on the consideration of the *“Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund for the year ended 30th June, 2018”*.

1.1. Mandate of the Public Accounts Committee

The Public Accounts Committee derives its mandate from Standing Order 203 (2) of the Nairobi City County Assembly, which provides that:-

“The Public Accounts Committee shall be responsible for the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit”.

The primary mandate of the Committee is therefore to oversight the expenditure of public funds by Nairobi City County entities, to ensure value for money and adherence to government financial regulations and procedures. The Committee further aims at ensuring that Nairobi City County public funds are prudently and efficiently utilized. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Kenya National Audit Office (KENAO).

Article 229 (8) of the Constitution provides that within three months after receiving the report of the Auditor General, Parliament or the **County Assembly** shall debate and consider the report and take appropriate action. It is on this basis that this report has been produced by the Committee for consideration and adoption by the County Assembly.

1.2. Guiding principles

In the execution of its mandate, the Committee is guided by core constitutional and statutory principles on public finance management, as well as established customs, traditions, practices and usages. These principles include the following:-

(a) Constitutional Principles on Public Finance

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and fiscal reporting shall be clear*. The Committee places high regard on these principles, among others, and has been guided by them in the entire process that has led to this report.

(b) Direct Personal Liability

Article 226(5) of the Constitution is unequivocal that: - *“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”*. Consequently Section 203(1) of the PFM Act, 2012 enacts that: - *“A public Officer is personally liable for any loss sustained by a county government that is attributable to-*

- (a) the fraudulent or corrupt conduct, or negligence, of the officer; or*
- (b) the officer’s having done any act prohibited by sections 196, 197 and 198”*

The Committee considers this Constitutional and legal provisions as the basis for holding Accounting Officers and other Public Officers directly and personally liable for any loss of public funds that may occur under their watch.

1.3. Obligations of the Accounting Officer

Article 226(2) of the Constitution provides, *inter alia*, that: *“the Accounting Officer of a national public entity is accountable to the National Assembly for its financial management, and the Accounting Officer of a county public entity is accountable to the County Assembly for its financial management”*. Subsequently, Section 149(1) of the Public Finance Management (PFM) Act, 2012 provides that: *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—*

- (a) lawful and authorized; and*
- (b) Effective, efficient, economical and transparent.”*

These provisions obligate the Clerk of the County Assembly who is the Accounting Officer and the administrator of fund to appear before the PAC to respond to audit queries raised by the Auditor General.

1.4. Committee Membership

The Committee comprises of the following members:-

1. **Hon. Chege Mwaura, MCA** - Chairperson
2. **Hon. Kennedy Odhiambo Oyugi, MCA** - Vice-Chairperson
3. Hon. Patrick Said Karani, MCA
4. Hon. Robert Alai Onyango, MCA
5. Hon. Stazo Elijah Omunga'la Ang'ila, MCA
6. Hon. Billy Richardo Nyantika, MCA
7. Hon. John Ndile Musila, MCA
8. Hon. Cyrus Mugo Mubea, MCA
9. Hon. Jane Musangi Muthembwa, MCA
10. Hon. Geoffrey Odhiambo Majiwa, MCA
11. Hon. Emmy Khatemeshi Isalambo, MCA
12. Hon. Fuad Hussein Mohamed, MCA
13. Hon. Fatuma Abduwahid Abey, MCA
14. Hon. Eutychus Mukiri Muriuki, MCA
15. Hon. Fredrick Njoroge Njogu, MCA
16. Hon. Joseph Karanja Ndungu, MCA
17. Hon. Agnes Njeri Muthoni, MCA
18. Hon. Carrington Gichunji Heho, MCA
19. Hon. Mark Thiga Ruyi, MCA
20. Hon. Omuro Kame Adano, MCA
21. Hon. Paul Wachira Kariuki, MCA
22. Hon. Stephen Mugo Kimani, MCA

The Committee comprises of the following secretariat;

1. Ms. Josephine Kamau - Senior Clerk Assistant
2. Mr. Benedict Ochieng - Second Clerk Assistant

Allow me **Hon. Speaker** to thank the entire membership of this Committee for its hard work and commitment which made the taking of evidence and production of this Report a success.

1.5. Background

The audit involved auditing of the financial statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund by the Auditor General which comprise statement of financial position as at 30th June, 2018, and statement of income and expenditure, statement of changes in equity and statement of cash flows 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.

1.6. Establishment of the Fund

The Mortgage Scheme Fund was established pursuant to the Salaries and Remuneration Circular (SRC) No.SRC/TS/WB/3/14 of 14th February 2014. The SRC has since then provided further guidelines on the scheme through Gazette Notice No. 6518 of 7th July, 2017. For proper management of the Fund and as advised by the Salaries and Remuneration Commission in the Circular under reference, the Nairobi City County Assembly adopted *Public Finance Management (Nairobi City County Mortgage Scheme Fund) Regulations 2014*, to guide in operationalization of the Fund. In 2017, the County Assembly enacted regulations merging the Car Loan and the Mortgage Scheme Funds. The Clerk of the County Assembly being the Accounting Officer of the Assembly, is the administrator of the fund. Section 167 of the Public Finance Management Act 2012 mandates the administrator of Public Funds with the preparation of Annual Financial Statements.

1.7. Auditor-General's Responsibility

The Auditor General's responsibility was to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements in accordance with Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. The matters mentioned in the audit report were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

1.8. Highlights from the Report of the Auditor General

The Auditor General opined that the financial statements presented fairly, in all material aspects the financial position of Nairobi City County Assembly Mortgage Scheme Fund as at 30th June, 2018 and of its financial performance and its cash flows for the year ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

Consequently, the auditor General did not find any key audit matters to communicate in his report. Key audit matters are those matters that in the professional judgment of the Auditor General are of the most significance in the audit of the financial statements.

In view of the above, the Committee commends the fund administrator for adhering to the law and observing financial prudence when managing the fund during the year under review.

1.9. Appreciation

Hon. Speaker,

The Committee would like to thank the **Fund Manager** for appearing before it and affirming the opinion of the Auditor General.

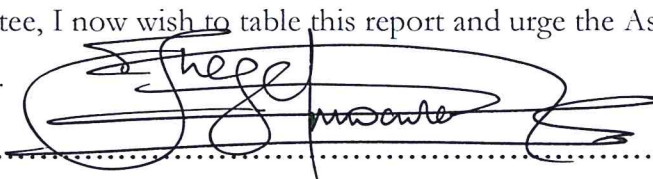
Hon. Speaker,

The Committee also wishes to sincerely thank the Office of the Speaker, Kenya National Audit Office and the Clerk for the services extended to the committee while considering this matter. Appreciations are also extended to the Committee secretariat for their exemplary advisory services that enabled Members effectively execute their mandate.

Hon. Speaker,

On behalf of the Committee, I now wish to table this report and urge the Assembly to adopt it and the recommendations therein.

SIGNED

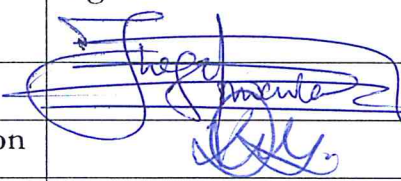


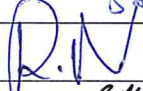

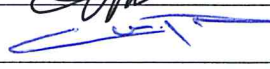
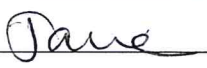
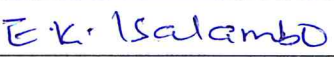







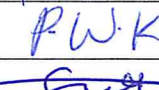
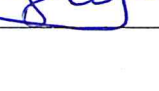



HON. CHEGE MWAURA (CHAIRPERSON)

DATE

26th June 2023

We Members of the Public Accounts Committee (PAC) do hereby affix our signatures to this report to affirm the correctness of the contents and support for the report:-

No.	Honourable Member	Signature
1.	Hon. Chege Mwaura, MCA - Chairperson	
2.	Hon. Kennedy Odhiambo Oyugi, MCA – Vice-Chairperson	
3.	Hon. Robert Alai Onyango, MCA	
4.	Hon. Stazo Elijah Omunga'la Ang'ila, MCA	
5.	Hon. Billy Richardo Nyantika, MCA	
6.	Hon. John Ndile Musila, MCA	
7.	Hon. Cyrus Mugo Mubea, MCA	
8.	Hon. Jane Musangi Muthembwa, MCA	
9.	Hon. Geoffrey Odhiambo Majiwa, MCA	
10.	Hon. Patrick Said Karani, MCA	
11.	Hon. Emmy Khatemeshi Isalambo, MCA	
12.	Hon. Fuad Hussein Mohamed, MCA	
13.	Hon. Fatuma Abduwahid Abey, MCA	
14.	Hon. Eutychus Mukiri Muriuki, MCA	
15.	Hon. Fredrick Njoroge Njogu, MCA	
16.	Hon. Joseph Karanja Ndungu, MCA	
17.	Hon. Agnes Njeri Muthoni, MCA	
18.	Hon. Carrington Gichunji Heho, MCA	
19.	Hon. Mark Thiga Ruyi, MCA	
20.	Hon. Omuro Kame Adano, MCA	
21.	Hon. Paul Wachira Kariuki, MCA	
22.	Hon. Stephen Mugo Kimani, MCA	

2.0. COMMITTEE CONSIDERATION OF THE REPORT OF THE AUDITOR

GENERAL

As already indicated, the Auditor General opined that the financial statements presented fairly, in all material aspects the financial position of Nairobi City County Assembly Mortgage Scheme Fund as at 30th June, 2018 and of its financial performance and its cash flows for the year ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

Consequently, the auditor General did not find any key audit matters to communicate in his report. Key audit matters are those matters that in the professional judgment of the Auditor General are of the most significance in the audit of the financial statements.

In view of the above, the Committee commends the fund administrator and the Loans Management Committee for adhering to the law and observing financial prudence when managing the fund during the year under review (FY 2017/2018).

MINUTES OF THE 23RD SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY
SELECT COMMITTEE ON PUBLIC ACCOUNTS HELD ON TUESDAY 13TH JUNE,
2023 AT 10:00 AM IN COMMITTEE ROOM 10, CITY HALL BUILDINGS.

MEMBERS PRESENT:

- | | |
|--|---------------------|
| 1. Hon. Chege Mwaura, MCA | - Chairperson |
| 2. Hon. Kennedy Odhiambo Oyugi, MCA | - Vice- Chairperson |
| 3. Hon. Paul Wachira Kariuki, MCA | |
| 4. Hon. Agnes Njeri Muthoni, MCA | |
| 5. Hon. Mark Thiga Ruyi, MCA | |
| 6. Hon. Emmy Khatemeshi Isalambo, MCA | |
| 7. Hon. Cyrus Mugo Mubea, MCA | |
| 8. Hon. Eutychus Mukiri Muriuki, MCA | |
| 9. Hon. John Ndile Musila, MCA | |
| 10. Hon. Jane Musangi Muthembwa, MCA | |
| 11. Hon. Fredrick Njoroge Njogu, MCA | |
| 12. Hon. Omuro Kame Adano, MCA | |
| 13. Hon. Billy Richardo Nyantika, MCA | |
| 14. Hon. Carrington Gichunji Heho, MCA | |
| 15. Hon. Fatuma Abduwahid Abey, MCA | |
| 16. Hon. Joseph Karanja Ndung'u, MCA | |
| 17. Hon. Stephen Mugo Kimani, MCA | |

MEMBERS ABSENT:

1. Hon. Patrick Karani Said, MCA
2. Hon. Fuad Hussein Mohamed, MCA
3. Hon. Geoffrey Odhiambo Majiwa, MCA
4. Hon. Stazo Elijah Omung'ala Ang'ila, MCA
5. Hon. Robert Alai Onyango, MCA

SECRETARIAT

- | | |
|-------------------------|--------------------------|
| 1. Ms. Josephine Kamau | - Senior Clerk Assistant |
| 2. Mr. Benedict Ochieng | - Second Clerk Assistant |

The Chairperson called the meeting to order at 10.06am and opened the meeting with a word of prayer. He then welcomed Members and witnesses present to the meeting and requested them to introduce themselves. He then took members through the agenda as follows:-

AGENDA

1. Tabling of six (6) Auditor General Reports before the Committee;
 - The Report of the Auditor General on County Executive of Nairobi City for the year ended 30th June 2022;
 - The Report of the Auditor General on Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30th June 2022;
 - The Report of the Auditor General on County Assembly of Nairobi for the year ended 30th June 2022;
 - The Report of the Auditor General on County Revenue Fund – County Government of Nairobi City for the year ended 30th June 2022;
 - The Report of the Auditor General on receiver of revenue for County Government of Nairobi for the year ended 30th June 2022; and
 - The Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year Ended 30th June 2022.
2. Adoption Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan Scheme Fund for the year ended 30th June, 2018
3. Adoption Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund for the year ended 30th June, 2018
4. Adoption of the Report of the Select Committee on Public Accounts retreat held at Pride Inn Flamingo Beach Resort, Mombasa, from Thursday 10th November to Sunday 13th November, 2022
5. Adoption of the Report of the Select Committee on Public Accounts on Consideration of the Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30th June 2020.
6. Any Other Business
7. Adjournment

The said agenda of the meeting was then adopted as proposed by Hon. Joseph Karanja Ndung'u, MCA and seconded by Hon. Kennedy Odhiambo Oyugi, MCA.

MIN.079/NCCA/PAC/APRIL/2023 – TABLING OF SIX (6) AUDITOR GENERAL REPORTS BEFORE THE COMMITTEE;

The Chairperson tabled the Auditor General Reports which was committed to the Committee by the Speaker on the floor of the Assembly on 6th June 2023;

- The Report of the Auditor General on County Executive of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30th June 2022;
- The Report of the Auditor General on County Assembly of Nairobi for the year ended 30th June 2022;
- The Report of the Auditor General on County Revenue Fund – County Government of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on receiver of revenue for County Government of Nairobi for the year ended 30th June 2022; and
- The Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year Ended 30th June 2022.

MIN.080/NCCA/PAC/JUNE/2023 – ADOPTION REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2018

The Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan Scheme Fund for the year ended 30th June, 2018 which was adopted by the Committee as proposed by Hon. John Ndile Musila and seconded by Hon. Stephen Mugo Kimani.

MIN.081/NCCA/PAC/JUNE/2023 – ADOPTION REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2018

The Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund for the year ended 30th June, 2018 which was adopted by the Committee as proposed by Hon. Billy Ricardo Nyantika and seconded by Hon. Paul Wachira Kariuki.

MIN.082/NCCA/PAC/JUNE/2023 – ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS RETREAT HELD AT PRIDE INN FLAMINGO BEACH RESORT, MOMBASA, FROM THURSDAY 10TH NOVEMBER TO SUNDAY 13TH NOVEMBER, 2022

The Report of the Select Committee on Public Accounts retreat held at Pride Inn Flamingo Beach Resort, Mombasa, from Thursday 10th November to Sunday 13th November, 2022, was adopted by the Committee as proposed by Hon. Jane Musangi and seconded by Hon. Agnes Njeri Muthoni.

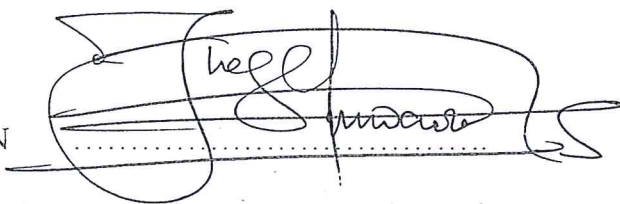

MIN.083/NCCA/PAC/JUNE/2023 – ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30TH JUNE 2020.

The Report of the Select Committee on Public Accounts on Consideration of the Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30th June 2020, was adopted by the Committee as proposed by Hon. Mark Thiga Ruiyi and seconded by Hon. Stephen Mugo Kimani.

MIN.084/NCCA/PAC/JUNE/2023 - AOB&ADJOURNMENT

The Committee having dispensed with the agenda and the time being fifteen minutes past twelve O' clock, the Chairperson adjourned the sitting. The date and venue of the next sitting was going to be communicated by way of notice.

CONFIRMED AS A TRUE RECORD OF THE PROCEEDINGS

	SIGNATURE	DATE
CHAIRPERSON		21 st JUNE 2023
SECRETARY		21 st June, 2023

NAIROBI CITY COUNTY GOVERNMENT



NAIROBI CITY COUNTY ASSEMBLY
(THIRD ASSEMBLY – SECOND SESSION)
SELECT COMMITTEE ON PUBLIC ACCOUNTS
ATTENDANCE REGISTER – MEMBERS

DATE: 13TH JUNE 2023 TIME: 10:00AM

S/NO.	NAME	SIGNATURE
1.	Chege D. Mwangi	
2.	Kennedy Oyugi	
3.	Ndungu Joseph Karari	
4.	Agnes Njeri Muthoni	
5.	JOHN NDILE MUSAHA	
6.	Carrington Heho	
7.	CTRUS MUGO MUBEN	
8.	Paul Wachira Karuki	
9.	Jane Musang	
10.	Stephen Kimani Mugo	
11.	Ruiyi Mark Thiga	
12.	Eustace Mureithi	
13.	Kame Adano	
14.	Emmy Khatemeshi Isalambu	
15.	Fredrick Mjoriri	
16.	FREDRICK Mjoriri	
17.	RICARDO NXANTIKA	

18.		
19.		
20.		
21.		
22.		
23.		

Prepared by.....

Date.....