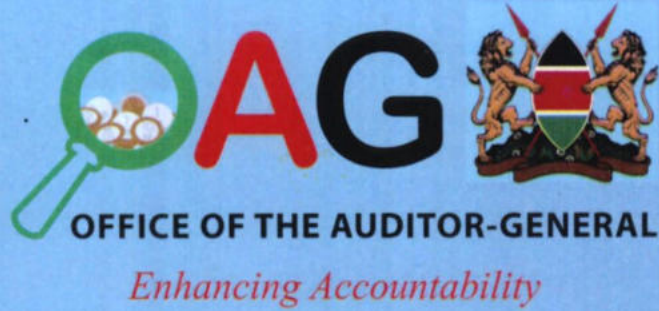


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

**NAIROBI CITY COUNTY ASSEMBLY CAR
LOAN AND MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Angela



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

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NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD
CAR LOAN AND MORTGAGE SCHEME FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Table of Content

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee	vii
4. Management Team	xi
5. Fund Chairperson's Report	xiii
6. Report of The Fund Administrator	xv
7. Statement of Performance Against the County Fund's Predetermined Objectives	xviii
8. Corporate Governance Statement	xxi
9. Management Discussion and Analysis	xxiv
10. Environmental and Sustainability Reporting	xxvi
11. Report of The Trustees	xxvii
12. Statement of Management's Responsibilities	xxviii
13. Report of The Independent Auditor on the Financial Statements for Nairobi City County Assembly Service Board's Car Loan and Mortgage Scheme Fund	xxx
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2024	4
17. Statement of Cash Flows for The Year Ended 30 June 2024	5
18. Statement of Comparison of Budget and Actual Amounts For The Period 2024	7
19. Notes to the Financial Statements	9
20. Annexes	41

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
CEC	County Executive Committee Member
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and remuneration Commission

b) Glossary of Terms

Board	Nairobi City County Assembly Service Board
Committee	Loans Management Committee
Fiduciary Management	The key management personnel who had financial responsibility
Guiding Regulations	Public Finance Management (<i>Nairobi City County Assembly Car Loan and Mortgage Scheme Fund</i>) Regulations, 2017
Fund	Car Loan and Mortgage Scheme Fund

2. Key Entity Information and Management

a) Background information

The Nairobi City County Assembly Car Loan & Mortgage Scheme Fund is established by the Salaries and Remuneration Circular no SRC/TS/WB/3/14 of 14th February 2014 and derives its authority and accountability from Section 167 of the Public Finance Management Act 2012. For proper management of the Fund and as advised by the Salaries and Remuneration Commission, the Nairobi City County Assembly adopted The Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. Prior to these Regulations, the Fund operated as two separate funds being Car Loan Scheme Fund and Mortgage Scheme Fund. The two Funds operated under two separate Regulations namely; Public Finance Management (*Nairobi City County Assembly Car Loan Scheme Fund*) Regulations, 2014; and Public Finance Management (*Nairobi City County Assembly Mortgage Scheme Fund*) Regulations 2014. The two Regulations have since been repealed and replaced by the current Regulations of 2017 as here-afore mentioned. The Fund is wholly owned by the Nairobi City County Assembly Service Board and is domiciled in Kenya.

Arising from the above provisions and as advised by the Salaries and Remuneration Commission (SRC) on the benefits to be enjoyed by the Members of the County Assemblies, vide circular ref SRC/TC/CGOVT/3/16 dated 27th November, 2013, the Nairobi City County Executive Committee Member for Finance and Economic Planning authorised the establishment of the Car Loan Scheme Fund with the approval of the County Assembly.

The Nairobi City County Assembly Car Loan Scheme Fund is a revolving fund established pursuant to Regulation 3 of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017 as read together with section 116 of the Public Finance Management Act, 2012 and circulars ref SRC/TS/CAF/3/61/49(46) from the Salaries and Remunerations Commission dated 13th December 2017.

The Fund started operations on 1st July 2019 as a single fund administering Car Loan and Mortgage benefits for members and staff of the Nairobi City County Assembly. Prior to this date, the benefits were administered from two different funds namely Nairobi City County Assembly Car Loan

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Scheme Fund and Nairobi City County Assembly Mortgage Scheme Fund. These two funds were merged with effect from 1st July 2019. The merged Funds operate under the new Regulations namely; The Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. These Regulations were gazetted in July 2018 and came into force in Financial Year 2018/2019.

The Clerk of the County Assembly, being the Accounting Officer of the Assembly is the Officer Administering the Fund and Secretary of the Loans Management Committee as provided under Regulation 6(1)(g) of Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017.

b) Principal Activities

The principal activity of the Fund is provided under Regulation 4 of the Fund's guiding Regulations, Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. The said regulation provides that the object of the Fund is to provide loans to the members of the Scheme for;

- (a) Purchase of Vehicles; and
- (b) Purchase, development, renovation or repair of residential property.

c) Fund Administration Committee

Ref	Name	Position
1	HON. PETER IMWATOK	Chairperson of the Committee and Leader of Majority Party
2	HON. ANTHONY KIRAGU KARANJA	Vice Chairperson of the Committee and Leader of Minority Party
3	HON. PAUL KADOS	Deputy speaker
4	HON. MOSES OGETO	Majority Party Chief whip
5	HON. MARK MUGAMBI	Minority Chief whip
6	HON. WILFRED ODALO	Member
7	HON. FATHIYA. A MOHAMMED	Member
8	HON. MARTIN MBUGUA	Member
9	MR. BASIL RODGERS OMONDI	Member
10	MR. TITUS MUIRURI	Member
11	MS. CAROLINE KIDAMBA	Member

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

d) Key Management

Ref	Name	Position
1	Mr. Edward O. Gichana	Clerk Nairobi County Assembly
2	Ms. Pauline Akuku	Deputy Clerk, Administrative Services
3	Mr. Paul W. Kimani	Director Financial Services
4	Mr. Sammy Ndana	Principal Accountant
5	Mr. Stephen Namodi	Ag. Principal Finance Officer
6	Mr. Fred Macharia	Senior Finance and Planning officer
7	Mr. Marvin Maina	Finance Officer

e) Fiduciary Oversight Arrangements

Ref	Name	Position
1	Mr. Edward O. Gichana	Clerk Nairobi County Assembly
2	Ms. Pauline Akuku	Deputy Clerk, Administrative Services
3	Mr. Paul W. Kimani	Director Financial Services
4	Mr. Sammy Ndana	Principal Accountant
5	Mr. Stephen Namodi	Ag. Principal Finance Officer
6	Mr. Fred Macharia	Senior Finance and Planning officer
7	Mr. Marvin Maina	Finance Officer

f) The Nairobi City County Assembly Headquarters

P.O. Box 45844-00100
City Hall Building
Wabera Street
Nairobi, KENYA

g) Fund Contacts

Telephone: (254) 700330846/700330847
E-mail: clerk@nairobicountyassembly.go.ke
Website: www.nairobicountyassembly.go.ke

h) Fund Bankers

1. Family Bank
City Hall Branch
P.O. Box 74145-00200
Nairobi, Kenya

2. Cooperative Bank of Kenya
City Hall Branch
P.O. Box 44805-00200
Nairobi, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

3. Board of Trustees/ Fund Administration Committee

	Name	Position
1	 HON. PETER IMWATOK	Chairman Loans Management Committee (by virtual of being Leader of Majority Party) Education: Diploma in Public Relations Year of Birth: 1982 Year of Appointment: 2022 Experience: 11years Legislative matters as a Member of County Assembly. Cumulatively 10 years in Loans Management Committee Membership Area of Responsibility: Chairperson of the Loans Management Committee
2	 HON. ANTHONY KIRAGU KARANJA	Vice Chairperson of Loans Management Committee (by virtual of being Leader of Minority Party) Education: High School Year of Birth: 1975 Year of Appointment: 2022 Experience: 11years Legislative matters as a Member of County Assembly. Area of Responsibility: Vice chairperson of the Loans Management Committee
3	 HON. PAUL KADOS	Deputy Speaker and Member of Loans Management Committee Education: Diploma in Business Administration Year of Birth: 1960 Year of Appointment: 2022 Experience: 27years in Legislative matters as a Member of County Assembly and a Councillor. Area of Responsibility: Member of the Loans Management Committee

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

4	 <p>HON. MARTIN MBUGUA</p>	<p>Member of Loans Management Committee</p> <p>Education: Bachelor of Arts in Philosophy and Youth Studies Postgraduate Diploma in Mass Communications</p> <p>Year of Birth: 1979 Year of Appointment: 2022</p> <p>Experience: 2years in Legislative matters as a Member of County Assembly.</p> <p>Area of Responsibility: Member of the Loans Management Committee</p>
5	 <p>HON. MOSES OGETO</p>	<p>Member of Loans Management Committee (by virtue of being the Majority Party Chief Whip)</p> <p>Education: Bachelor of Commerce</p> <p>Year of Birth: 1990 Year of Appointment: 2022</p> <p>Experience: 11years in Legislative matters as a Member of County Assembly.</p> <p>Area of Responsibility: Member of the Loans Management Committee</p>
6	 <p>HON. MARK MUGAMBI</p>	<p>Member of Loans Management Committee (by virtue of being the Minority Party Chief Whip)</p> <p>Education: Diploma in Clearing and Forwarding</p> <p>Year of Birth: 1989 Year of Appointment: 2022</p> <p>Experience: 7years in Legislative matters as a Member of County Assembly.</p> <p>Area of Responsibility: Member of the Loans Management Committee</p>



Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

7	 <p>HON. WILFRED ODALO</p>	<p>Member of Loans Management Committee</p> <p>Education: High School</p> <p>Year of Birth: 1978</p> <p>Year of Appointment: 2022</p> <p>Experience: 11 years in Legislative matters as a Member of County Assembly.</p> <p>Area of Responsibility: Member of the Loans Management Committee</p>
8	 <p>HON. FATHIYA. A MOHAMMED</p>	<p>Member of Loans Management Committee</p> <p>Education: Master of Business Administration</p> <p>Bachelor of Commerce</p> <p>CPA(K)</p> <p>Year of Birth: 1985</p> <p>Year of Appointment: 2022</p> <p>Experience: 2 years in Legislative matters as a Member of County Assembly.</p> <p>Area of Responsibility: Member of the Loans Management Committee</p>
9	 <p>MR. BASIL RODGERS OMONDI</p>	<p>Member Loans Management Committee</p> <p>Education: CPA II (Bsc Econ. Ongoing)</p> <p>Year of Birth: 1988</p> <p>Year of Appointment: 2020</p> <p>Experience: 11 years Finance and Accounting 4 years in Loans Committee Membership</p> <p>Area of Responsibility: Member of the Committee representing Staff</p>
10	 <p>MR. TITUS MUIRURI</p>	<p>Member Loans Management Committee</p> <p>Education: Degree in Human Resource Management and Supply Chain Management</p> <p>Year of Birth: 1989</p> <p>Year of Appointment: 2019</p> <p>Experience: 11 years in Legislative Procedure and 5 years in Loans Committee Membership</p> <p>Area of Responsibility: Member of the Committee representing Staff</p>

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

11	 <p>MS. CAROLINE KIDAMBA</p>	<p>Member Loans Management Committee</p> <p>Education: High School, Computer proficiency</p> <p>Year of Birth: 1975</p> <p>Year of Appointment: 2019</p> <p>Experience: 11 years in Office Administration and 5 years in Loans Committee Membership</p> <p>Area of Responsibility: Member of the Committee representing Staff</p>
12	 <p>Mr. EDWARD GICHANA</p>	<p>Fund Administrator and Clerk Nairobi County Assembly</p> <p>Education: MBA Accounts BCOM Accounts CPA(K)</p> <p>Year of Birth: 1975</p> <p>Experience: Over 20 years experience in Public and Private Sector Finance, Administration and Auditing 15 of which are at management level.</p> <p>Area of Responsibility: Clerk of the County Assembly and Secretary to the Loans Management Committee, Officer Administering the Fund and providing supervisory services to Secretariat to the Fund</p>

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

4. Management Team

Name	Details of qualifications and experience
 <p>Mr. Edward O. Gichana</p>	<p>Clerk Nairobi County Assembly</p> <p>Education: MBA Accounts BCOM Accounts CPA(K)</p> <p>Year of Birth: 1975</p> <p>Experience: Over 20years experience in Public and Private Sector Finance, Administration and Auditing 15 of which are at management level.</p> <p>Area of Responsibility: Clerk of the County Assembly and Secretary to the Loans Management Committee, Officer Administering the Fund and providing supervisory services to Secretariat to the Fund</p>
 <p>Ms. Pauline Akuku</p>	<p>Deputy Clerk Administrative Services</p> <p>Education: Master's Communication Studies BA Journalism & Media Studies</p> <p>Year of Birth: 1977</p> <p>Experience: 20years experience in Public Relations, Communications and Administration 10 of which are at management level.</p> <p>Area of Responsibility: Deputy Clerk (Administration) providing supervisory services to Secretariat of the Fund and performing financial processes for the Fund.</p>
 <p>Mr. Paul W. Kimani</p>	<p>Director Financial Services</p> <p>Education: MBA-Strategic Management BCOM-Finance, CPA(K), (M)CIPS</p> <p>Year of Birth: 1989</p> <p>Experience: 10years experience in Public and Private Sector Finance and Accounting 4 of which are at management level.</p> <p>Area of Responsibility: Director of Financial Services. Overseeing financial processes for the Fund.</p>

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

 Mr. Sammy Ndana	<p>Principal Accountant Education: BBM-Finance and Banking CPA(K) Year of Birth: 1979 Experience: Over 10years experience in Public and Private Sector Finance and Accounting 4 of which are at management level. Area of Responsibility: Principal Accountant of the County Assembly. Performing financial processes for the Fund.</p>
 Mr. Stephen Namodi	<p>Ag. Principal Finance Officer Education: BCOM-Finance and Banking CPA(K) Year of Birth: 1990 Experience: 10years experience in Public and Private Sector Finance and Accounting 4 of which are at management level. Area of Responsibility: Head of Secretariat to the Fund</p>
 Mr. Fred Macharia	<p>Senior Finance and Planning Office Education: Master, Business Administration CPA(K) Year of Birth: 1973 Experience: Over 20years experience in Public and Private Sector Finance and Accounting 14 of which are at management level. Area of Responsibility: Financial Reporting</p>
 Mr. Marvin Maina	<p>Finance Officer Education: Bachelor of Economics-Finance Year of Birth: 1994 Experience: 7years experience in Accounting and Administration of the Fund. Area of Responsibility: Secretariat to the Fund</p>

5. Fund Chairperson's Report

The Car Loan and Mortgage Scheme Fund started operations at advent of devolution in 2014. Since then, it has grown from two separate funds of Car Loan benefits for Members of the County Assembly on one hand, and Mortgage benefits for the said Members on the other hand. In its formative stages, the Funds only benefited Members of the County Assembly only. Effective financial year 2015/2016, staff members of the County Assembly started benefitting from the Funds following advice of the Salaries and remuneration Commission (SRC). The two funds were later amalgamated to form one fund namely Car Loan and Mortgage Scheme Fund which remains operational to-date.

The Fund has grown from an initial seed capital of Ksh.486M in 2014 – being Car Loan Fund of Ksh.256M and Mortgage Fund of Ksh.230 – to the current Ksh.1.1B. This growth over the last ten years has been attributed to demand for Car loans and mortgage from members and staff of the County Assembly. Indeed, the Fund has had higher demand than its available resources. To address this challenge, the Loans Management Committee will be recommending to the Nairobi County Assembly Service Board and the County Executive Committee Member for Finance and Economic Planning to inject new capital into the Fund.

During the year ended 30th June 2024, the Fund disbursed Ksh.18.4M. This demonstrates growth in disbursements close to Ksh.20M. In terms of loan applications and approvals during the year, the Loans Management Committee approved 46 applications. Of these, 45 applications were for members of the County Assembly. The Loans Management Committee, in an effort to manage the scarce resources of the Fund and ensure all eligible members access the benefit recommended a temporary freeze of loan applications for members of staff in FY 2022/2023. The freeze was informed by the fact that the Members of the County Assembly's tenure is limited to five years while that of the staff members is extended to the legal retirement age. This explains the low uptake of loans by the staff members. The freeze was lifted towards the end of the financial year under reporting and staff members are free to make applications. Indeed, there have been staff applications post balance sheet date which are pending consideration by the Loans Management Committee.

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Going forward, it is expected that applications from the Members of the County Assembly will slow down as most of them have made applications. However, applications from staff members are expected to rise. This will continue to apply pressure on the Fund as resources available are inadequate to meet the demand. This will however ease when the Controller of Budget approves exchequer of the amount paid from the Fund in 2022/2023 for Car Reimbursement benefit for Members of the County Assembly. The amount stood at Ksh.157M as at June 2024.

On behalf of the Loans Management Committee, I wish to appreciate the support that has been provided by the Nairobi City County Assembly Service Board, the Office of the Officer Administering the Fund who is also the Clerk of the County Assembly as well as other stakeholders. With the right support, the Fund will surely live to be of great benefit to Members and Staff of the County Assembly as well as contribute to economic growth of our beloved country, Kenya.

Name Hon Peter Imwatok Signature  Date 18/12/2024

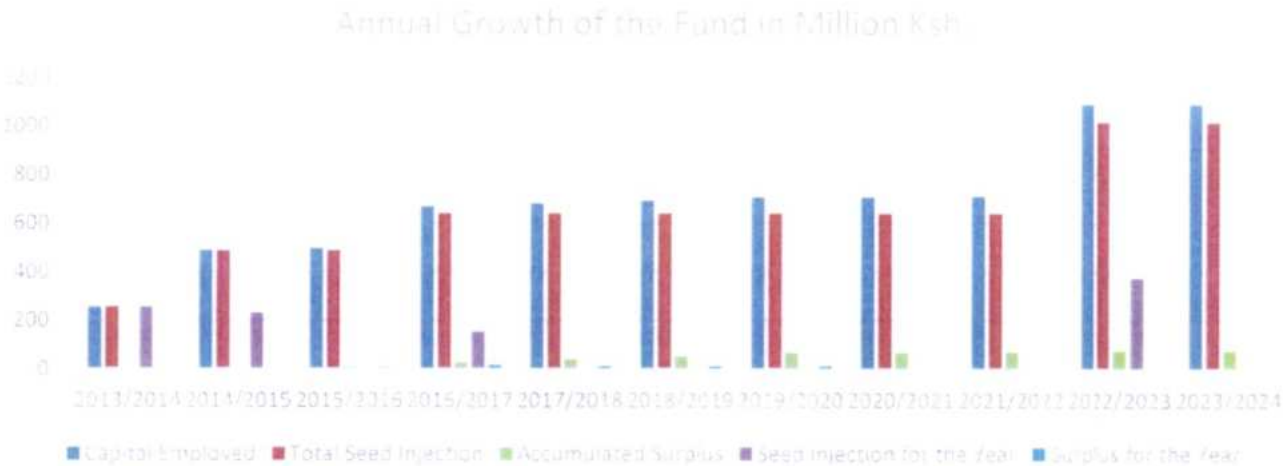
Chairperson of the Fund

6. Report of The Fund Administrator

The Nairobi City County Assembly Car Loan & Mortgage Scheme Fund is a Revolving Fund established pursuant to the Salaries and Remuneration Circular no SRC/TS/WB/3/14 of 14th February 2014. The legal underpinning of the Fund is Section 116 of Public Finance Management Act 2012 as well as Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2017. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements.

The Fund started operations in June 2014 following conferment of Car Loan and Mortgage benefits to Members of County Assemblies in Kenya by the Salaries and Remuneration Commission (SRC). The same benefits were extended to Members of staff in 2015. Currently the Fund benefits both Members and Staff of the County Assembly.

Over the years, the Fund has had steady growth due to high demand from the Members and Staff of the County Assembly. Having started with a combined seed capital of Ksh.486M in June 2014, the Fund’s net-worth stood at Ksh.1.095B as at 30th June 2024. The growth is attributable to direct capital injection of Ksh.530M and retained earnings of Ksh.78.8M over the ten-year period ended 30th June 2024. This has been presented graphically thus;



Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Though the Fund has benefited over 400 members for both Car Loan and Mortgage over the last ten years, the demand has been much higher than this. Due to the demand pressure on the Fund and inadequate resources, the Loans Management Committee resolved to put a temporary freeze on loan applications for Staff Members in FY 2022/2023. This was informed by the limited period of service for Members of the County Assembly compared to a fairly longer period for Members of Staff. Priority was therefore given to Members of County Assembly so that they may not miss out on the benefit within the relatively short period of their service. The freeze was however in June 2024 as therefore staff members were free to apply for loans since then. Indeed several applications from staff members have been received post reporting period for this report. This explains the demand pressure the Fund has been operating under. To address this, the County Assembly has made plans to inject more seed capital into the fund as well as liaise with the County Executive Committee Member (CEC) for Finance and Economic Planning and the Controller of Budget for refund of Car Reimbursement Benefit paid out of the Fund amounting to Ksh.157M. It is expected that this will ease the pressure on the Fund.


As a revolving Fund, the Fund has no limit in terms of the amounts that can be issued as loans. However, for operational purposes and in order to defray the administrative expenses as provided for under regulation 12(2) of the guiding Regulations, the Fund operates on a budget that is approved by the Loans Management Committee with final authority to spend being given by The CEC in charge of Finance and Economic Planning. During the year under reporting, the Fund had an operational expenditure budget of Ksh.24.67M against a projected income of Ksh.25.2M. The actual performance for the year was total expenditure of Ksh.24. 3M against actual income of Ksh.25.4M resulting to a surplus of Ksh.1.1M.

Management of the Fund has not been without challenges. The main challenge being high loan demands against insufficient fund balances. This has resulted to delays in loan applications which further makes applicants feel neglected by the Office of Administrator of the Fund. In addition, this has made applicants to loose property identified for purchase as the sellers have chosen to sell to the said properties to alternative buyers with ready cash. Further applicants have lost cash associated to initial incidental expenses in purchase of property that they end up not buying. Financing the fund has been another challenge. This particularly due to borrowings from the Fund for Members Motor Vehicle Reimbursement benefit as bestowed on the

members by the SRC. Refund of the is borrowing from the fund has not been made in full due to factors beyond the County Assembly. Members of the Loans Management Committee require constant capacity building to be able to manage the Fund as required. However, this has not been possible because the Fund does not generate enough funds in terms of interest to support proper capacity building. These and other challenges have affected smooth operations of the Fund to the detriment of full realization of the objective of the Fund.

Appreciation

Though the responsibility of management of the Fund has been directly placed on the Officer administering the Fund, the County Assembly Service Board and the Loans Management Committee, the success of the Fund will require support of other stakeholders. We therefore call upon all stakeholders to support the Fund operations for full realization of the purpose for which the Fund was established. Special appreciation goes to the Nairobi City County Assembly Service Board, the Loans Management Committee, County Executive Committee Member for Finance and Economic Planning and the Secretariat under the Office of the Clerk for their assiduous efforts for the success of the Fund administration.

For 
.....
Edward O. Gichana
Fund Administrator

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

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 Nairobi City County Assembly car loan and mortgage scheme fund operates under the County Assembly Service Board as a key result area. The following are the program, objectives, outcome and performance of the scheme fund within the FY2023/24;

Program	Objective	Outcome	Indicator	Performance
Provision of mortgage facilities to Members of County Assembly and Staff	To ensure all MCAs and staff have access to mortgage facilities	24No. Members of the 3 rd Assembly applied for mortgage facility.	19% of the total number of MCAs benefited from the mortgage option.	A total of Kshs.105.8M was issued to MCAs courtesy of mortgage
		90No. staff cumulatively reported to have benefited from mortgage facility	47% of staff population is reported at the end of FY2023/24 to have benefited from the mortgage option	Kshs.563.5M reported to be outstanding with the staff as at 30 th June 2024.
Provision of car loan facilities to Members of County Assembly and Staff	To ensure all MCAs and staff have access to car loan facilities	6No. MCAs of the 3 rd Assembly applied and received car loan as at 30 th June 2024.	5% of the MCAs of 3 rd Assembly benefited from the scheme fund by taking car loan.	Total of Kshs.25.09M was issued to MCAs as car loan advancement within the FY2023/24.
		13No. staff had benefited from the car loan option as at 30 th June 2024	As at 30 th June, 2024, 7% of the staff population had benefited from the scheme fund under car loan option	Total of Kshs.17.95M was issued to staff as car loan as at 30 th June 2024.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

The Nairobi City County Assembly Car Loan & Mortgage Scheme Fund operates as a Revolving. The Objective of the Fund is provided for under Regulation 4 of the Fund's guiding Regulations, Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. The said regulation provides that the object of the Fund is to provide loans to the members of the Scheme for;

- (a) Purchase of Vehicles; and
- (b) Purchase, development, renovation or repair of residential property.

Since its inception in June 2014, the Fund has disbursed loans to over 400 members and staff of the County Assembly. Out of this 250 Members were from the first and second County Assemblies and they paid their loans in full. The current Assembly has seen 74 members access the benefit for Car Loan and/or Mortgage as at 30th June 2024. This represents 60% of the current membership. More applications from the members have been received post reporting date. This number is therefore expected to rise with time. The staff members who have benefited from the fund are 93 for both Car Loan and Mortgage. Out of this number, five staff members have paid their loans in full.

During the year ended 30th June 2024, the Fund disbursed Ksh.185.9M compared to the previous year where the Fund disbursed Ksh.168.2M. In terms of loan applications and approvals during the year, the Loans Management Committee approved 46 applications. Of these, 45 applications were for members of the County Assembly. The Loans Management Committee, in an effort to manage the scarce resources of the Fund and ensure all eligible members access the benefit recommended a temporary freeze of loan applications for members of staff in FY 2022/2023. The freeze was informed by the fact that the Members of the County Assembly's tenure is limited to five years while that of the staff members is extended to the legal retirement age. This explains the low uptake of loans by the staff members. The freeze was lifted towards the end of the financial year under reporting and staff members are free to make applications. Indeed, there have been staff applications post balance sheet date which are pending consideration by the Loans Management Committee.

Management of the has faced several challenges. Key among the challenges has been high loan demands against insufficient cash. This has resulted to delays in loan applications which further

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

affected morale of applicants as they feel neglected. Applicants have lost property identified for purchase as the sellers have choose to sell to the said properties to alternative buyers with ready cash, in addition to loosing cash associated with incidental costs incurred in purchase of the said property.

Another challenge is related to financing the fund. Mainly this is due to borrowings from the Fund for Motor Vehicle Reimbursement benefit bestowed on the members by the SRC. Refund of the borrowing from the fund has not been made in full due to factors beyond the County Assembly. Members of the Loans Management Committee require constant capacity building to be able to manage the Fund as required. However, this has not been possible because the Fund does not generate enough funds in terms of interest to support proper capacity building.

These and other challenges have affected smooth operations of the Fund to the detriment of full realization of the objective of the Fund.

Despite the aforementioned challenges and indeed many more, the Car Loan and Mortgage Scheme Fund has been a success as it has lived to its objective of providing loans to the members of the Scheme for purchase of Vehicles and; purchase, development, renovation or repair of residential property for use by the member of the scheme and his/her immediate family and therefore contributing to economic growth of our country, Kenya.

8. Corporate Governance Statement

The Fund is established under the Nairobi City County Assembly Service Board as per Regulation 3 Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations, 2017. Regulation 6 (1) of the said Regulations, establishes the Loans Management Committee while Regulation 7 enumerates the functions of the Committee.

The committee constitute of 11 members that comprise of:—

- (a) the Leader of the Majority Party, who shall be the chairperson;
- (b) the Leader of the Minority Party, who shall be the vice-chairperson;
- (c) the Majority Whip of the County Assembly;
- (d) the Minority Whip of the County Assembly;
- (e) four members of the county assembly nominated by the members of county assembly;
- (f) three members of staff of the County Assembly, elected by the staff of the County Assembly; and
- (g) the Clerk of the County Assembly who shall be the officer administering the Fund, an *ex-officio* member of the Committee and the secretary to the Committee.

The function of the Committee includes;

- a) approve applications for loans in accordance with terms and conditions of borrowing;
- b) recommend to the Board appointment of a financial or mortgage institution to provide administrative services of the Fund; and
- c) supervise the day-to-day running of the Fund.

Meetings held and the attendance

The meetings of the committee are convened by the chairperson or in the absence of the chairperson, the vice chairperson and in the absence of both, by a member designated by the chairperson. The meetings are convened at such times as may be necessary for the discharge of the committee's functions. Quorum of the committee meetings is one third of the total membership.

During the period under reporting, the committee held ten meetings which included four workshops. The meetings held achieved the required quorum. Where members were unable to attend the meetings, they sent apologies and were recorded.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

The below table shows the members attendance for the respective meetings that were held during the year;

S/N	Membership	Date and Attendance										TOTAL
		05.07.23	07.08.23	26.09.23	03.10.23	31.10.23	30.11.23	07.02.24	12.03.24	23.05.24	05.06.24	
1	Hon. Peter Imwatok, MCA-Chairman	X	✓	✓	✓	✓	✓	✓	X	✓	✓	8/10
2	Hon. Martin Mbugua-Vice Chairman	X	✓	✓	✓	✓	✓	X	✓	✓	✓	8/10
3	Hon Moses Ogeto, Member	✓	✓	✓	X	✓	X	✓	X	X	✓	6/10
4	Rodgers Omondi, Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
5	Titus Muiruri, Member	✓	✓	X	✓	✓	✓	✓	X	✓	✓	8/10
6	Caroline Kidamba, Member	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	9/10
7	Hon. Wilfred Odalo, Member	X	X	✓	X	✓	X	X	✓	✓	X	4/10
8	Hon. Mark Mugambi, Member	X	X	✓	X	X	X	✓	✓	✓	X	4/10
9	Hon. Anthony Karanja, Member	X	X	X	X	X	X	✓	✓	X	X	2/10
10	Hon. Paul Kados, Member	X	✓	✓	X	✓	✓	X	X	X	X	4/10
11	Hon. Fathiya Mohammed, Member	X	✓	X	✓	✓	✓	X	✓	X	X	5/10

The Succession plans

The Fund is established under the Nairobi City County Assembly Service Board in line with Regulation 3 of the guiding Regulations. The Regulations further establishes the Loans Management Committee with the responsibility of approving applications and supervising operations of the Fund.

Succession within the Board is as provided under County Governments Act 2012 and County Assembly Services Act, 2017. Succession within the Committee is as provided under the Nairobi City County Assembly Standing Orders. Changes within Committee Membership can therefore happen subject to there are changes in the aforementioned statute, standing orders and the Regulations.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Roles and functions of the Committee

The Role of the Committee in Fund administration is as provided for under Regulation 7 of the guiding regulations. The Regulations provides that the functions of the committee shall be to—

- a) approve applications for loans in accordance with terms and conditions of borrowing;
- b) recommend to the Board appointment of a financial or mortgage institution to provide administrative services of the Fund; and
- c) supervise the day-to-day running of the Fund.

Induction and Training

The fund conducted one training event during the year under reporting. The training which was planned for June 2024 and its expenditure committed in the budget for the FY under reporting was later moved to 8th to 13th July 2024. The expenditure was however committed and recognized within the Financial Year.

Committee and member performance

The committee and all the individual members were actively involved in administration of the Fund in accordance with the Regulations. Where individual members were not available for specific meetings, they sent apologies for non-attendance. There was no reason to believe that any member was intent of not being actively involved in committee activities during the year or in the near future.

Conflict of interest

In Fund operations, conflict of interest may arise among members of the committee or its secretariat. This may happen in isolated cases where a member may hold interest in an agenda before the committee, in most cases being consideration of an own loan application by the committee. In such a scenario, the applicant is required to declare such interest and recuse him/herself from the committee sitting where the agenda is being discussed.

Committee Remuneration/Allowances

Committee members are paid sitting allowances in accordance with provisions by the Salaries and Remuneration Commission circulars on payment of committee sitting allowances to Members of the County Assembly. Members of secretariat were paid allowances based on provisions of clause 5 of the Board Policy Paper on Internal Administration of Car Loan and Mortgage Scheme Fund. The committee and secretariat allowances paid during the reporting the totalled to Kshs.3.6M.

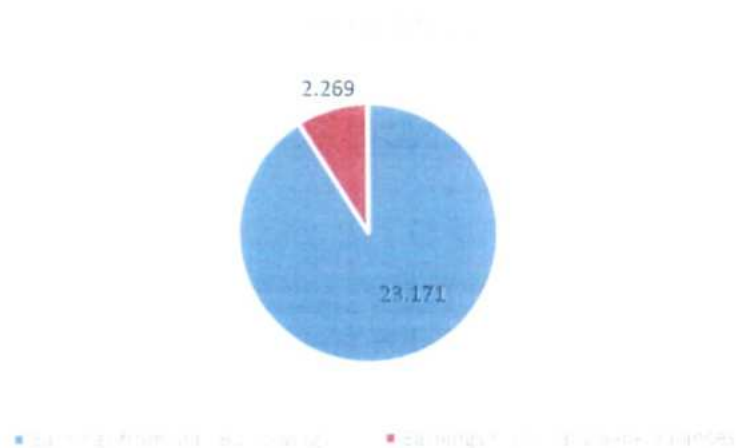
9. Management Discussion and Analysis

The Funds operational and Financial Performance

The financial performance of the Fund as at 30th June 2024 is presented herewith in accordance with the requirement of Section 167 of the Public Finance Management Act, 2012; Regulation 9(f) of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017; the Public Audit Act and the International Public Sector Accounting Standards – Accrual. This is the 6th reporting period since the Fund as a single Fund, and 11th reporting period since inception of the Car Loan and Mortgage benefits as individual Funds. The Fund has two sources of income being interest from loan borrowings which is charged at 3% reducing balance and earnings from daily bank balances held in Cooperative Bank and Family Bank.

Revenue

The Fund total revenue for the period ended 30th June of 2024 was Kshs.25.4M. This comprised Ksh.23.17M from interest earned from loan borrowings and Ksh.2.269M from daily bank balances.



Recurrent Expenditure

The total operating expenditure for the Fund as at 30th June, 2024 was Kshs.24.3M.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Cash Flow Statement

Cash flow from the operations of the fund are detailed in the cash flow statement for the period ended 30th June 2023. The cash and cash equivalent for the Fund as at 30th June of 2024 was at Kshs.8.4M.

Funds compliance with statutory requirements

The fund continued to comply with all the applicable laws and statutory requirements.

Major Risks facing the entity.

- **Legal and regulatory risks**

The Fund faces legal and regulatory risks such as committee membership amendments, court orders that may affect status of members as members of County Assembly which may be detrimental to the member's ability to service the loan.

There also exists political risk. This may pose a great threat particularly due the recent protests by members of public against political decisions at national and county level. This may lead to destruction of property and information stored for the Fund within the Assembly precincts.

10. Environmental and Sustainability Reporting

The Fund did not undertake any environmental sustainability activities for the period ended 30th June, 2024.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to purchase vehicles for members and staff of the County Assembly and to purchase, develop, renovate or repair a residential property for use by the member and his/her immediate family.

Results

The results of the Fund for the year ended June 30, 2024 are set out on pages 1-7

Trustees

The members of the Board of Trustees who served during the year are shown on page viii. There were no changes in composition of the Committee during the reporting period.

Auditors

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

By Order of the Board

.....
Chair of Fund Administration Committee

Date:

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 under Section 116 of the Public Finance Management Act, 2012 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, 2024. 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 Regulation 9(f) of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. 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, 2024, 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.

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.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Approval of the financial statements

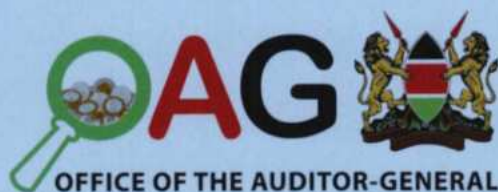
The Fund's financial statements were approved by the Board on _____ 2024 and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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 Nairobi City County Assembly Car Loan and Mortgage Fund set out on pages 1 to 51, which comprise the statement of

Report of the Auditor-General on Nairobi City County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2024

financial position as at 30 June, 2024 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 effect 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 the Nairobi City County Assembly Car Loan and Mortgage Fund as at 30 June, 2024 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 (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unremitted Payroll Transactions

The statement of financial position and Note 13 to the financial statements reflects receivables from exchange transactions balance of Kshs.37,781,000. However, review of the receivables from exchange transactions supporting schedules revealed that the receivables from exchange transactions balance of Kshs.37,781,000 includes an amount of Kshs.29,356,000 relating to principal loans deducted from Members and staff payrolls but not remitted to the Fund account. Further, the balance includes an amount of Kshs.3,784,434 interest on unremitted amount not paid.

In the circumstances, the rate the Fund issues loan was reduced and queuing period for Members increased, while the interest which would have been earned on unremitted payroll deductions is lost.

2. Long Outstanding Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from related parties amounting to Kshs.242,331,000 as of 30 June, 2024. This balance comprises of Kshs.83,241,832 being funds directly borrowed by Nairobi City County Assembly (NCCA) for its operational activities. However, the Nairobi City County Assembly financial statements reflects accounts payable – Money owed to the Fund Account amount of Kshs.63,137,482 resulting to a variance of Kshs.20,104,350 which was not explained or supported. Cumulatively over the years an amount of Kshs.223,271,601 was borrowed from the Fund account out of which an amount of Kshs.157,012,840 relates to balance of motor-vehicle reimbursement which were funds borrowed from the Fund by the NCCA to buy motor-vehicles for Members of the County Assembly and had not been reimbursed by 30 June, 2024.

Further, Kshs.2,075,830 relates to gratuity amounts recovered from two (2) Assembly Members paid into the NCCA operational account. Similarly, this amount has not been remitted to the Fund account. In addition, as reported in the statement of performance against the County Fund's predetermined objectives, high loan demand against insufficient funds could have been addressed had the outstanding amounts been reimbursed.

In the circumstances, the Fund lost interest income which would have been earned from the amount of Kshs.242,331,000 not reimbursed or paid back to the Fund account.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi City County Assembly Car Loan and Mortgage 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 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

Unresolved Prior Year Matters

In the report of the previous year, several issues were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury Circulars.

Other Information

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

In connection with my audit on the Nairobi City County Assembly Car Loan and Mortgage Fund financial statements, my responsibility is to read the other information and in doing

so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Delay in Loan Deduction

The statement of financial performance reflects interest income of Kshs.25,441,000 as disclosed in Note 4 to the financial statements. Included in the Note is interest income from mortgage loans and car loans of Kshs.22,021,000 and Kshs.1,150,000 respectively. However, analysis of the loans schedule provided for audit revealed that some loans issued to the Members were not deducted from the Members' salaries immediately from the month the loans were advanced as showed in the table below.

Member Name			
Car Loan	Loan Advanced (Kshs)	Date	First Deduction Month
A	3,800,000	11 October, 2023	March 2024
B	3,000,000	14 July, 2023	January 2024
Mortgage			
C	4,000,000	14 July, 2023	October 2023
D	3,800,000	14 July, 2023	December 2023
E	4,000,000	21 February, 2024	No deductions during the F/Y
F	3,500,000	05 March, 2024	No deductions during the F/Y

Failure to deduct loans issued is contrary to Regulation 14(1) of the Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations, 2017.

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 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 matter described in the Basis for Conclusion on 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

Non-Automation of the Car Loan and Mortgage Financial Reporting Process

Review of the financial statements revealed that the financial reporting process continued to have significant manual intervention. The ledgers and sub ledgers are manually maintained on excel and the trial balance and financial statements are also done manually on excel spread sheet. The management of over Kshs.1,000,000,000 Car and Mortgage Loan Fund using excel worksheet poses a risk in accuracy of the loan transaction data.

In the circumstances, the manual processing of financial records exposes the Car Loan and Mortgage Fund's reporting process to a greater risk of errors and manipulation.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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 Gatundu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

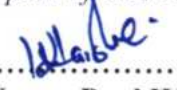
14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs 000	Kshs 000
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	
Revenue From Exchange Transactions			
Interest Income	4	25,441	19,363
Other Income	5	-	-
Total Revenue		25,441	19,363
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	24,302	14,309
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		24,302	14,309
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	
Surplus/(Deficit) for the Period		1,139	5,054

The notes set out on pages 9 to 40 form an integral part of these Financial Statements



Name: Edward O. Gichana
Administrator of the Fund
ICPAK Member Number: 4922



Name: Paul W. Kimani
Director Financial Services
ICPAK Member Number: 18731

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs 000	Kshs 000
Assets			
Current Assets			
Cash and Cash Equivalents	12	8,425	34,008
Current Portion of Long-Term Receivables From Exchange Transactions		119,087	88,614
Prepayments	14	-	-
Inventories	15	-	-
Receivables from Exchange Transactions	13	37,781	60,546
Receivables from Related Party/Non-Exchange Transactions (Motor Vehicle Reimbursement)		242,331	274,288
Investments in financial assets	16	-	-
Total current assets		407,624	457,456
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	687,221	642,129
Investment Property	19	-	-
Total non- current assets		687,221	642,129
Total Assets (A)		1,094,845	1,099,585
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	21	-	-


Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund


Annual Report and Financial Statements for the year ended June 30 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs 000	Kshs 000
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		1,094,845	-
Represented By:			
Revolving Fund		1,016,000	1,094,531
Reserves		-	-
Accumulated Surplus	28(d)	78,845	5,054
Net Assets		1,094,845	1,099,585

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 18 / Dec. 2024 and signed by:

Ed


Name: Edward O. Gichana
Administrator of the Fund
ICPAK Member Number: 4922



Name: Paul W. Kimani
Director Financial Services
ICPAK Member Number: 18731

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Balance As At 1 July 2022	640,000	-	72,652	712,652
Surplus/(Deficit) For the Period	-	-	5,054	5,054
Funds Received During the Year	376,000	-	-	376,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	1,016,000	-	77,706	1,093,706
Balance As At 1 July 2023	1,016,000	-	83,585	1,099,585
Surplus/(Deficit) For the Period	-	-	1,139	1,108
Adjustments (Note 32)	-	-	(5,879)	(5,879)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	1,016,000	-	78,845	1,094,845

See Note 32

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs 000	Kshs 000
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	376,000
Interest received		23,742	19,363
Receipts from other operating activities		-	-
Total receipts		23,742	395,363
Payments			
Fund administration expenses		24,302	(14,309)
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Total Payments		24,302	(14,309)
Net cash flows from operating activities		(560)	381,054
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		80,283	40,242
Loan disbursements paid out		(185,951)	(168,246)
Cash Transfers to NCCA (Non-Exchange Transaction)	26(b)	(54,968)	(102,152)
Cash Receipts from NCCA (Repayments of borrowings)	26(b)	151,652	(274,288)
Net cash flows used in investing activities		(8,984)	(504,444)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	108,022
Net cash flows used in financing activities		-	108,022
Net increase/(decrease) in cash & cash Equivalents		(9,544)	(15,368)

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Prior year adjustments	32	(16,039)	-
Cash and cash equivalents at 1 July		34,008	49,376
Cash and cash equivalents at 30 June		8,425	34,008

N/B The brought forward figure for FY 22/23 under Net Cash flows from investing activities was incorrectly recorded as Kshs. 504,444 instead of Kshs. 500,839. This error occurred in the calculation of cash flow from investing activities.

18. Statement of Comparison of Budget and Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	31,584	(6,271)	25,314	25,441	(127)	100.5%
Other Income	-	-	-	-	-	
Total Income	31,584	(6,271)	25,314	25,441	(127)	100.5%
Expenses						
Fund Administration Expenses	25,112	(38)	25,074	24,302	772	97%
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	25,112	(38)	25,074	24,302	772	97%
Surplus For the Period	6,472	(6,233)	240	1,139	(899)	474.6%
Capital expenditure	-	-	-	-	-	

Budget notes**Budget Utilization**

A comparison between budget and actual utilization shows a performance level of above 90%. Revenue had an over-realization of 0.5% at 100.5% while expenditure was at 98%.

Changes Between Original and Final Budgets

The changes between original and final budget was informed by a supplementary budget that was approved by the Loans Management Committee in April 2024 and ultimately by the CEC in charge of Finance and Economic Planning. The supplementary budget was informed by the observed trends in revenue realization particularly on increased incomes from borrowings as

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

well as the need to budget for income tax expenditure on incomes on daily bank balances that was deducted at source. Initially this expenditure had not been budgeted for. Other changes were reallocations within expenditure lines.

Reconciliation on Revenue Received Against Revenue Earned

The Fund earned revenue of Ksh.25.44M as reported under statement of financial performance and the above comparison of Budget against Actual Performance but received ksh.23.74M as reported under Statement of Cashflows. A reconciliation of the two is provided here below;

Item Description	Interest on Bank Balances	Interest On Loan Borrowings	Total
Amount B/F	2,693,304.95	402,649.88	3,095,954.83
Accrued During the Year (Revenue Amount Reported in Statement of Financial Performance)	2,269,831.97	23,171,671.65	25,441,503.62
Total Receivable	4,963,136.92	23,574,321.53	28,537,458.45
Amount Received (Cash inflow reported in Statement of Cash Flows)	4,964,259.43	18,777,527.89	23,739,787.62
Amount Carried Forward (Interest Income Receivable as Reported in Statement of Financial Position)	-1,122.51	4,796,793.64	4,795,671.13

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nairobi City County Assembly Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management Act, 2012. The Fund is wholly owned by the Nairobi City County Assembly Service Board and is domiciled in Kenya. The Fund's principal activity is provide loans to the members of the Scheme for;

- (a) Purchase of Vehicles; and
- (b) Purchase, development, renovation or repair of residential property.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund does not operate on leases or leased properties.</i></p>

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>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.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund does not hold assets for sale.</i></p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund does not have heritage assets neither is it likely to have such assets.</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>This standard is may have minimal or no impact on the details of reporting in the financial statements. This will however be of minimal effect and will depend on the guidance as shall be provided.</i></p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p>

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

	<p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund does not generate revenue from non-exchange transactions.</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund does not have transfer transactions.</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>This standard is not expected to have any impact on the financial statements of the Fund as the Fund is not a retirement benefit scheme.</i></p>

(i) Early adoption of standards

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

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. The Fund does not have rental income.

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly's Loans Management Committee and the CEC, Finance and Economic Planning on 2nd June 2023 and 13th July 2023 respectively. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded a reduction in its expenditure of Ksh.0.437M on the FY 2024 budget, following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Fund assesses, on a forward-looking basis, the Expected Credit Loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Fund recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. As at the date of reporting, the Fund did not have any reserves.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

The Fund has never had own employees and therefore does not provide for retirement benefits. The staff who work for the Fund are employees of the Nairobi city County Assembly Service Board.

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. During the year under reporting, the Fund did not have foreign currency transactions.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. During the period of reporting, the Fund did not have borrowing costs for PPE or any other kind of borrowing and therefore did not incur borrowing costs.

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

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.

The judgements, estimates and assumptions in preparation of this financial report include;

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

The Fund did not have provisions raised in the year under reporting.

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

During the year under reporting, the Fund did not make any provisions.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Interest Income from Mortgage Loans	22,021	18,091
Interest Income From Car Loans	1,150	411
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	2,270	861
Total Interest Income	25,441	19,363

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes to the Financial Statements Continued

5. Other income

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
General Office Expenses	20,617	14,246
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee & Secretariat Allowances	3,667	-
Bank Charges	18	63
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	24,302	14,309

8. Depreciation and Amortization Expense

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

Nairobi City County Assembly Service Board
 Car Loan and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended June 30 2024

10. Gain/(loss) on disposal of assets

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Car Loan & Mortgage Account	8,425	34,008
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	8,425	34,008

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs 000	Kshs 000
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Family Bank(City Hall Branch)	016000015578	6,602	23,736
Cooperative Bank(City Hall Branch)	01141232417504	1,823	10,272
Sub- Total		8,425	34,008
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		8,425	34,008

13. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Current Receivables		
Interest Receivable	4,796	20,817
Current Loan Repayments Due (Unremitted Payroll Deductions)	29,356	65,721
Insurance Claim Receivable	2,848	
Insurance Premium advance receivable	781	
Other Receivables		2,076
Less: Impairment Allowance	-	-
Total Current Receivables on Exchange Transactions	37,781	88,614
Non-Current Receivables		
Long Term Loan Receivables	687,221	642,129
Total Non- Current Receivables	687,221	642,129
Total Receivables From Exchange Transactions	725,002	730,743

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes to the Financial Statements Continued

16. Investments in financial assets

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Net Book Values					
At 30th June 2023	-	-	-	-	-
At 30th June 2024	-	-	-	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

18. Intangible assets

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2023/2024		FY 2022/2023	
	Kshs 000		Kshs 000	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

21. Provisions

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

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

22. Borrowings

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Transfers From Related Parties'	151,657	
Transfers To Related Parties	54,968	

c) Key management remuneration

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Due From Parent Ministry	-	-
Due From County Government	-	-
Due from Nairobi City County Assembly (Unremitted Payroll Deductions –Principal Ksh.29.3M, Interest Ksh.3.8M and Internal Borrowings Ksh.242.3M)	275,471	
Total	275,471	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
 Annual Report and Financial Statements for the year ended June 30 2024

Other Disclosures Continued

e) Due to related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs 000	Fully performing Kshs 000	Past due Kshs 000	Impaired Kshs 000
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

In the Opinion of the County Assembly Service Board, the Fund did not have credit risk as it did not have financial investments. The risk attributable to loan advanced to eligible members was minimal, tending to zero.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

e) Market risk

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

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

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

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

i. Foreign currency risk

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Fund had no foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs 000	Kshs 000	Kshs 000
At 30 June (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has 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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2023: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2023– Kshs 0).

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024
Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs 000	Kshs 000
Revaluation reserve	-	-
Revolving fund	1,016,000	1,016,000
Accumulated surplus	78,845	85,712
Total funds	1,094,845	1,101,712
Total borrowings	-	-
Less: cash and bank balances	(8,425)	(34,008)
Net debt/(excess cash and cash equivalents)	(8,425)	(34,008)
Gearing	0%	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The Fund is a County Public Fund established under Section 116 of the Public Finance Management Act, 2012. It operates under Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations, 2017. In line with Regulation 3 of the aforementioned Regulations, the Fund is established under the Nairobi City County Assembly Service Board.

31. Currency

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

32. Prior Year Adjustments

The Fund made two prior year adjustments on cashbook and on Accumulated Surplus. The adjustment on cashbook was informed by inadvertent entries in the said cashbook for anticipated cash payments for payroll deductions. The said deductions were not remitted to the Fund and therefore remained as receivables. The adjustments were therefore made to remove the said amounts from cashbook to accounts receivable. The movement has been shown in the table below.

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

The adjustment in accumulated surplus was informed by overstatements in Accumulated Surplus Account in the Financial Years 2019/2020 and 2021/2022. This was corrected to reflect the true position of accumulated surplus for the Fund.

The above movement in prior year adjustments has been explained by journal below;

Prior Year Adjustments (Journal Entries)

Date	Particulars	Dr	Cr
30.09.2023	Adjustment for payroll deductions for FY 2021/2022 treated as received but had not been actually received	<i>Debit: Payroll Receivables A/c</i> 5,451,794.20	<i>Credit: Cashbook (Coop Bank)</i> 5,451,794.20
30.09.2023	Adjustment for payroll deductions for FY 2022/2023 treated as received but had not been actually received	<i>Debit: Payroll Receivables A/c</i> 4,286,653.20	<i>Credit: Cashbook (Coop Bank)</i> 4,286,653.20
30.09.2023	Adjustment for payroll deductions for June 2022/2023 treated as received but had not been actually received	<i>Debit: Payroll Receivables A/c</i> 6,300,526.65	<i>Credit: Cashbook (Family Bank)</i> 6,300,526.65
	Total Cashbook Adjustments	16,038,974.05	16,038,974.05
30.06.2024	Adjustment for overstated brought forward balance for FY 2019/2020	<i>Debit: Accumulated Surplus A/c</i> 5,515,372	<i>Credit: Prior Year Adjustment A/c</i> 5,515,372
30.06.2024	Adjustment for overstated brought forward balance for FY 2021/2022	<i>Debit: Accumulated Surplus A/c</i> 364,000	<i>Credit: Prior Year Adjustment A/c</i> 364,000
	Total Adjustments on Accumulated Surplus	5,879,372	5,879,372

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

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.

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Inaccuracy of Interest Income</p> <p>The statement of financial performance reflects interest income amounting to Kshs.19,363,000 as further disclosed in Note 4 to the financial statements. However, the amount differs with the total interest income amounting Kshs.18,500,987 extracted from the monthly ledgers resulting in unexplained variance of Kshs.862,013. In the circumstances, the accuracy and completeness of interest income amounting to Ksh.19,363,000 could not be confirmed.</p>	<p>The auditor correctly observed that the Statement of Financial Performance reflects interest income amounting to Ksh.19,363,000. This comprised of Interest income from Car Loans and Mortgages of Ksh.18,502,000 and interest received from monthly bank balances of Ksh.861,000. This has been disclosed under note 4 to the financial statements.</p>	<p>Resolved Administratively; Awaiting discussion by PAC</p>	2024/2025
2	<p>Unsupported Committee Allowances</p> <p>The statement of financial performance reflects use of goods and services amounting to Kshs.14,309,000. The amount includes</p>	<p>As correctly observed by the auditor the Statement of Financial Performance reflects use of goods and services amounting to Ksh.14,309,000. This amount</p>	<p>Resolved Administratively; Awaiting discussion by PAC</p>	2024/2025

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	committee allowances amounting to Kshs.2,098,000 as disclosed in Note 7 to the financial statements. Review of records revealed that the committee allowances expenditure includes Kshs.1,165,400 which was not supported with invitation letters, attendance register and committee meeting minutes. In the circumstances, the accuracy and propriety of the committee allowances amounting to Ksh.1,165,400 could not be confirmed.	includes committee allowances amounting to Ksh.2,098,000 as disclosed in note 7 to the financial statements. The auditor observed that an amount of Ksh.1,165,000 was not supported with invitation letters, attendance registers and committee meeting minutes. All these documents are available for audit review.		
3	Unsupported Receivables from Exchange Transactions The statement of financial position reflects receivables from exchange transactions (motor vehicle reimbursement) and receivables from exchange transactions (cash transfers) amounting to Kshs.274,288,000 and Kshs.60,546,000, respectively, all	As correctly observed by the auditor, the Statement of Financial Position reflects receivables from exchange transactions of Ksh.334,834,000 being Ksh.274,288,000 on account of Motor Vehicle Reimbursement Account and Ksh.60,546,000 on account of NCCA	Resolved Administratively; Awaiting discussion by PAC	2024/2025

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>totalling to Kshs.334,834,000. However, no documentary evidence in support of the amount was provided. Further, the amount has not been disclosed as borrowing in the statement of financial position. In the circumstances, the accuracy of receivables from exchange transactions (motor vehicle reimbursement) and receivables from exchange transactions (cash transfers) amounting to Ksh.274,288,000 and Ksh.60,546,000, respectively, could not be confirmed.</p>	<p>operational Account. Documentary evidence of the transfers are available for audit review.</p>		
4	<p>Inaccuracy of Total Net Assets and Liabilities. The statement of financial position reflects total net assets and liabilities totalling to Kshs.1,101,712,000. The amount includes revolving fund amounting to Kshs.1,096,656,000. However, the amount differs with revolving fund amounting to</p>	<p>The Statement of Financial Position for the Car Loan and Mortgage fund reflects Net Assets and Liabilities totalling to Ksh.1,099,585,000 and not Ksh.1,101,712,000 as contained in auditor's report. The amount as contained in the Statement of</p>	<p>Resolved Administratively; Awaiting discussion by PAC</p>	<p>2024/2025</p>

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.1,016,000,000 reflected in the statement of changes in net changes resulting to unexplained variance of Kshs.80,712,000 reflected in the statement of changes resulting to unexplained variance of Kshs.80,658,000.</p> <p>In addition, the statement of changes in net changes reflects adjustment to accumulated surplus amounting to Kshs.2,254,000 which was not supported with journal entry.</p> <p>In the circumstances, the accuracy and completeness of total net assets and liabilities totalling to Ksh.1,101,712,000 could not be confirmed.</p>	<p>Financial Position and the Statement of Changes in Nets Assets comprised of Revolving Fund Account of Ksh.1,016,000,000 and Accumulated Surplus of Ksh.83,585,000. The Statement of Financial position and Statement of Changes in net Assets are on pages 2 and 4 of the Annual report and Financial Statements of the Nairobi City County Assembly Car Loan and Mortgage Scheme fund respectively.</p>		
5	<p>Inaccuracies in Transfer from County Assembly</p> <p>The statement of changes in net assets reflects fund received during the year amounting to Kshs.376,000,000 in respect of transfer from the County Assembly. However, the amount differs with the transfers to</p>	<p>As observed by the auditor, the Statement of Changes in Net Assets reflects Funds received during the year amounting to ksh.376,000,000 in respect Funds received during the year from the County</p>	<p>Resolved Administratively; Awaiting discussion by PAC</p>	<p>2024/2025</p>

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the Fund amounting to Kshs.439,044,296 reflected in statement of receipts and payments of the County Assembly resulting in unreconciled variance of Kshs.63,044,296. Further, the statement of cashflows reflects transfers to the Nairobi City County Assembly totalling to Kshs.102,152,000. However, the statement of receipts and payments of the Nairobi City County Assembly reflects an amount of Kshs.60,346,051 under other receipts from fund account resulting in an unreconciled variance of Kshs.41,805,949. In the circumstances, the accuracy and completeness of funds received during the year amounting to Ksh.376,000,000 could not be confirmed.</p>	<p>Treasury. The auditor further observed that the amount differs with transfers to the Fund amounting to Ksh.439,044,296 reflected in Statement of Receipts and Payments of the County Assembly. In addition, the auditor correctly observed that the Statement of Cash Flows of the Fund reflects transfers to Nairobi City County Assembly totalling to Ksh.102,152,000. They however compared this transfer with that of the County Assembly as reflected in the Statement of Receipts and Payments of Ksh.60,346,051 therefore resulting to unreconciled variance of Ksh.41,805,949. The Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund is an autonomous fund whose operations</p>		

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		are independent of those of the Nairobi City County Assembly. With this in mind, the statements of both “Institutions” needs to be looked at independently. To the best of the knowledge of the Fund management, the amounts received by and paid transferred from the Fund during the year were as stated in the Fund’s financial statements and not as observed by the auditor from the statements of Nairobi City County Assembly Operational Financial Statements.		
6.1	Inaccuracy of Total Receipts from operating Activities The statement of cash flows reflects total receipts from operating activities amounting to Kshs.395,363,000. The amount includes transfers from the County Government	As correctly observed by the auditor the Statement of Cashflows reflects total receipts from operating activities of Ksh.395,363,000 which includes transfers from the County Government amounting	Resolved Administratively; Awaiting discussion by PAC	2024/2025

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	amounting to Kshs.376,000,000 in respect of the revolving fund which is not an operating activity.	to Ksh.376,000,000. The amount of Ksh.376,000,000 was a receipt from the County Treasury as part of budgetary provision for the Fund. The amount was inadvertently captured under "Cashflows From Operating Activities" instead of under "Cashflows From Financing Activities". The classification error is regretted.		
6.2	Inaccuracy of Cash Transfer to Nairobi City County Assembly (NCCA) The statement of cash flows reflects transfers to NCCA amounting to Kshs.102,152,000. However, a review of cashbook revealed that Kshs.110,029,937 was transferred resulting to an unexplained variance of Kshs.7,877,937. Further, the amount has not been reflected in the statement of financial position as a receivable.	As correctly observed by the auditor, the amount transferred to NCCA from the Fund was Ksh.102,151,937 as tabulated in the table provided in management responses.	Resolved Administratively; Awaiting discussion by PAC	2024/2025

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6.3	<p>Inaccuracy of Repayment of Borrowing</p> <p>The statement of cashflows reflects repayment of borrowings amounting to Kshs.108,022,000 received from the County Assembly in respect of repayment of domestic borrowings as disclosed in Note 22 to the financial statement. However, the amount has not been reflected in the statement of financial position. Further, review of records revealed that Kshs.67,703,949 was received resulting to unreconciled variance of Kshs.40,318,051. In addition, Note 22 to the financial statements reflects borrowings totalling Kshs.268,418,000 which have not been reflected in the statement of financial position. Review of the bank reconciliation statement revealed payments in the bank statement not yet recorded in the cashbook amounting to</p>	<p>As observed by the auditor, the Fund received from the County Assembly operational Account Ksh.108,022,395 being repayment of borrowings by the County Assembly as disclosed under note 22 of the Financial Statements. The receipt which is named "borrowing" under the said note 22 is not expected to be shown in the balance sheet in isolation. Upon receipt, it was posted in cashbook and therefore formed part of cash and cash equivalents within the year and treated as such in the Statement of Financial position. In addition, the same amount formed part of cash inflows for the year and was reflected as such in Statement of Cashflows. The Ksh.268,418,000 shown under note 22</p>	Resolved Administratively; Awaiting discussion by PAC	2024/2025

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.5,095,008 which was described as borrowing refund. However, the refund was not supported by any documentary evidence and the date of the transaction.</p> <p>In the Circumstances, the accuracy and completeness of the statement of cashflows could not be confirmed.</p>	<p>represents net cash borrowings from the Fund by the County Assembly being Ksh.102,152,000 for operational expenses, Ksh.274,288,000 for Motor Vehicle Reimbursement Account and total receipts on account of borrowings amounting to Ksh.108,022,000. The total outstanding amount as at the end of the Financial year was Ksh.60,546,052 on account of County Assembly's operational Account and Ksh.274,288,000 on account of Motor Vehicle Reimbursement Account. These two balances have been reflected in the Statement of Financial Position.</p> <p>The Auditor further observed that an amount of Ksh.5,095,008 which was</p>		

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		described as "borrowing refund" in Bank Reconciliation Statement. The Bank Reconciliation statements for the Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for as at 30th June 2023 or any other month within the year does not have such a figure or description.		
7	Review of the cashbook revealed that a total of Kshs.113,851,937 was transferred to the Nairobi City County Assembly during the year. The amount include transfers totalling to Kshs.53,305,937 which had not been approved by the Nairobi City County Executive County Committee Member. This is contrary to Section 154(1) (a) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall not authorize the transfer of an amount that is appropriated to another	During the year under review, the County Assembly borrowed Ksh.102,151,937 from the Car Loan and Mortgage Fund to finance urgent operational needs due to delays in processing exchequer requisitions by the Office of the Controller of Budget. All the borrowings were approved by the County Executive Committee (CEC) Member for Finance and Economic Planning in accordance with Section	Resolved Administratively; Awaiting discussion by PAC	2024/2025

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	County Government entity or person. In the circumstances, Management was in breach of law.	116(3) of the Public Finance Management Act 2012. The borrowings and their respective authority by the CEC were provided in a table.		

Administrator of the Fund

for 
Date.....12/12/2024.....

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30 2024

Annex II: Inter-Fund Confirmation Letter

Nairobi City County Assembly Service Board
Car Loan and Mortgage Scheme Fund
P.O BOX 45844 – 00100 Nairobi.

The *Nairobi County Treasury* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by as at 30 th June 2024							
Referen ce Numbe r	Date Disburs ed	Amounts Disbursed by <i>Nairobi County Treasury</i> (Kshs) as at 30 th June 2024				Amount Received by [benefici ary Fund] (KShs) as at 30 th June 2024 (E)	Differen ces (KShs) (F)=(D- E)
		Recurr ent (A)	Developm ent (B)	Inter- Minister ial (C)	Total (D)=(A+B +C)		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total							

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

Head of Accountants department of beneficiary Fund:

Name *Paul Mwangi* Sign *[Signature]* 13/12/24 Date

The Fund did not receive from or give any funds to any other Fund or Semi-Autonomous Government Agency (SAGA) during the year under reporting.

N/B: The Nairobi County Assembly Car loan and Mortgage scheme fund did not receive any disbursements from any source for the period under review.

Nairobi City County Assembly Service Board

Car Loan and Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30 2024

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

The Fund does not have climate relevant expenditure.

Annex IV: Reporting on Disaster Management Expenditure

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

The Fund does not have disaster management expenditure.