

GOVERNMENT OF NAIROBI CITY COUNTY

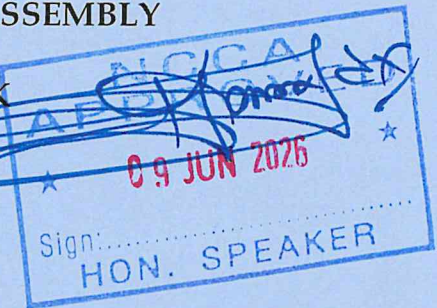


THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FIFTH SESSION)



NCCA/TJ/PL/2026(66)

9TH JUNE, 2026

PAPER LAID

SUBJECT: REPORT OF COMMITTEE

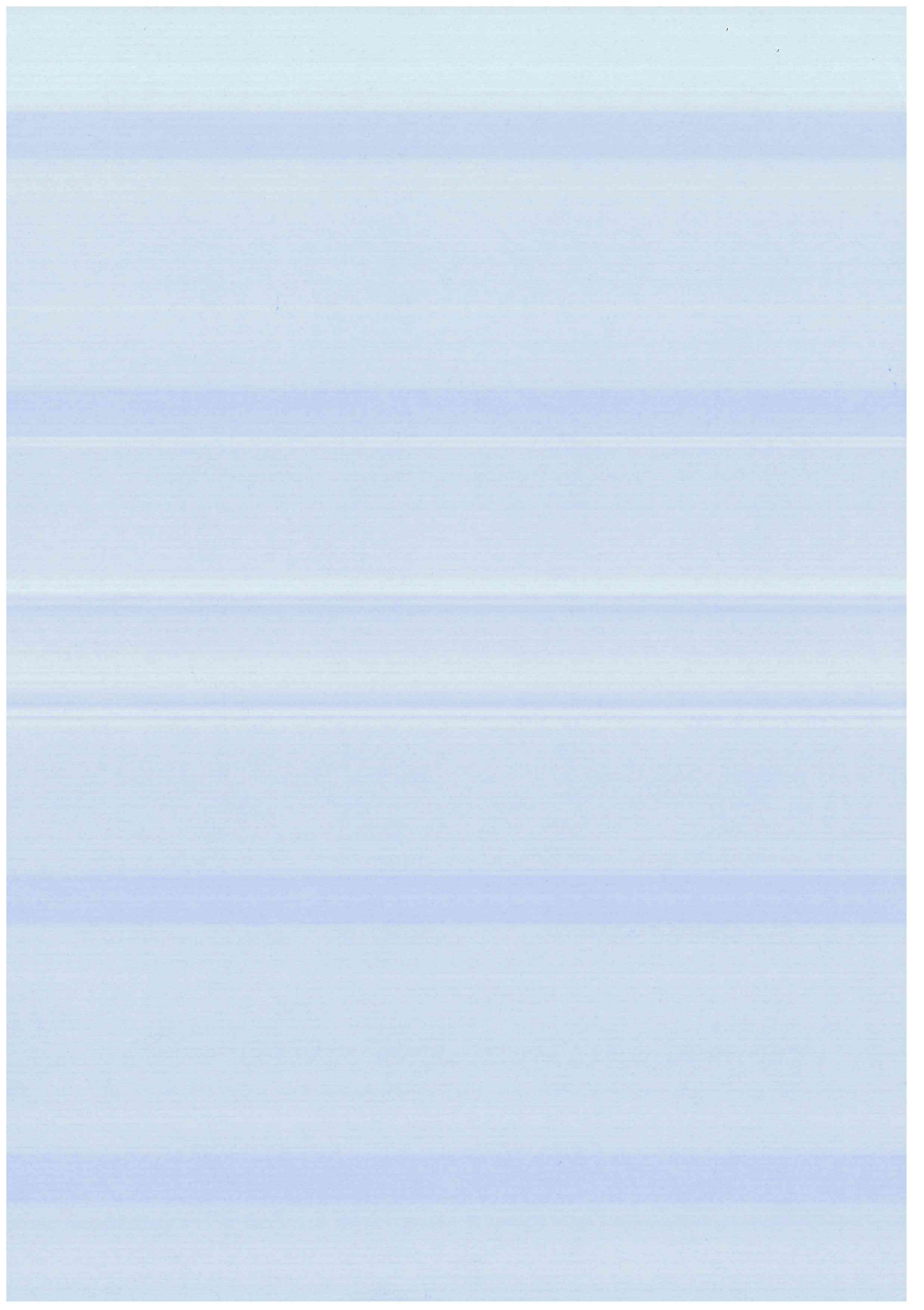
Pursuant to the provisions of Article 229 (8) of the Constitution of Kenya 2010 and Standing Order 196 (6), I beg to lay the following Paper on the Table of the Assembly, today Tuesday, 9th June, 2026

- THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2025

(Chairperson, Select Committee on Public Accounts)

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

Notice of Motion
given by Hon Abdi
MCA, on 9th June,
2026. *[Signature]*





THE NAIROBI CITY COUNTY ASSEMBLY
THIRD ASSEMBLY
(FIFTH SESSION)

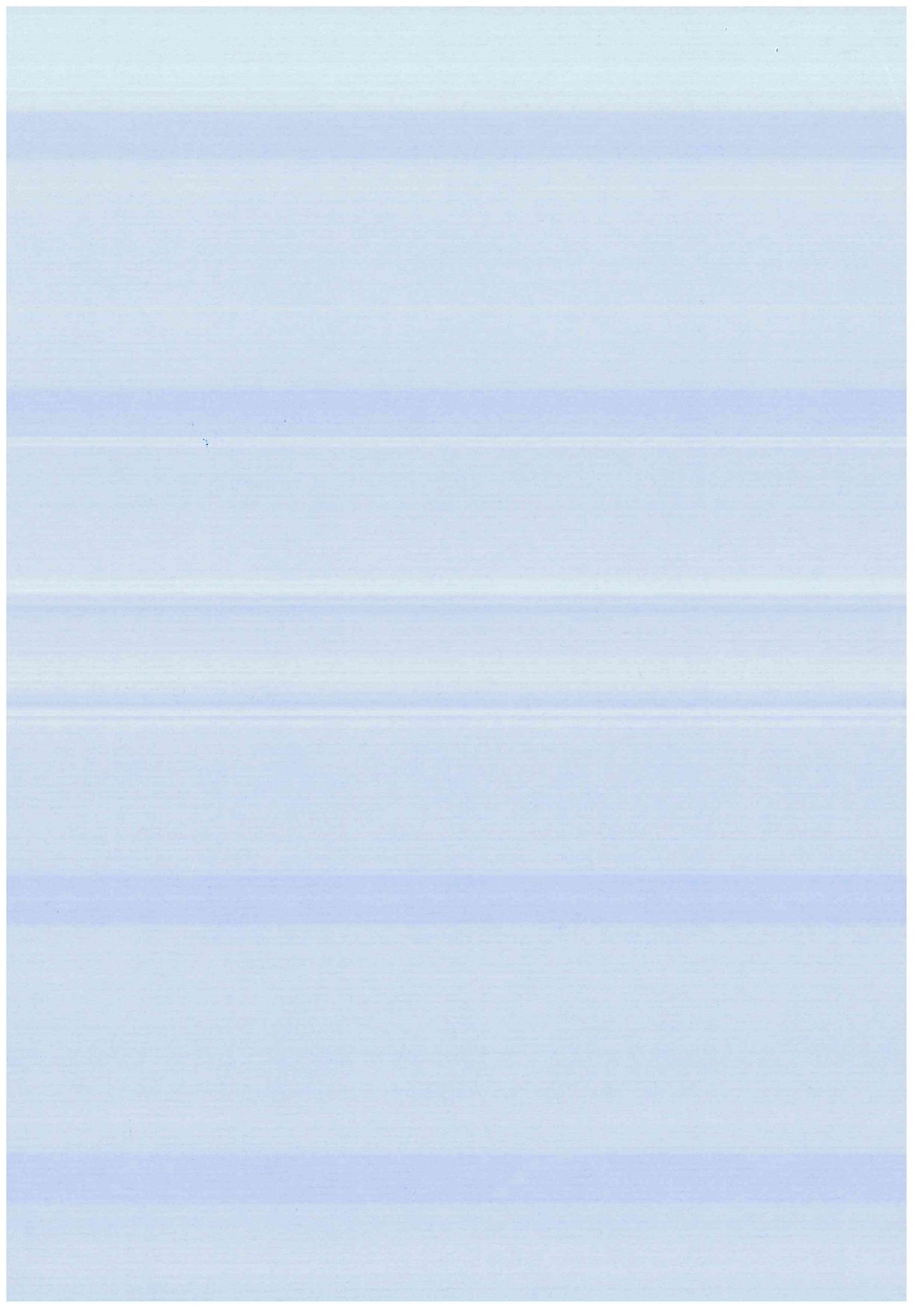
NOTICE OF MOTION

Subject: Adoption of Committee Report

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

- THAT, this Assembly adopts THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2025, laid on the Table of the Assembly today, Tuesday, 9th June, 2026.

(Chairperson, Select Committee on Public Accounts)



The Nairobi City County Government



**The Nairobi City County Assembly
Third Assembly – Fifth Session**

**The Report of the Select Committee On Public
Accounts**

On

**The Consideration of the Report of the Auditor-
General On the Financial Statements of the Nairobi
City County Assembly Service Board Car Loan and
Mortgage Scheme Fund for the Year Ended 30th June
2025**

Clerks Chambers
Nairobi City County Assembly
City Hall Buildings
Nairobi

April, 2026

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1.0. PREFACE

Hon. Speaker,

On behalf of the Public Accounts Committee (PAC) and pursuant to the provision of Standing Order 196(6), it is my pleasant privilege and honour to present to this Assembly this report of the Public Accounts Committee on the consideration of the *“Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2025”*.

1.1. Mandate of the Public Accounts Committee

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

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

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

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

1.2. Guiding principles

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

(a) Constitutional Principles on Public Finance

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and fiscal reporting shall be clear*. The Committee places high regard

on these principles, among others, and has been guided by them in the entire process that has led to this report.

(b) Direct Personal Liability

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

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

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

1.3. Obligations of the Accounting Officer

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

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

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

1.4. Committee Membership

The Committee comprises of the following members: -

- 1. Hon. Chege Mwaura, MCA** - Chairperson
- 2. Hon. Abel Osumba Atito, MCA** - Vice-Chairperson
- 3. Hon. Benter Juma Obiero, MCA**
- 4. Hon. John Rex Omolleh, MCA**
- 5. Hon. Stazo Omung’ala Ang’ila, MCA**
- 6. Hon. Richardo Nyantika Billy, MCA**
- 7. Hon. John Ndile Musila, MCA**
- 8. Hon. Cyrus Mugo Mubea, MCA**

9. Hon. Redson Otieno Onyango, MCA
10. Hon. Jane Musangi Muthembwa, MCA
11. Hon. Emmy Khatemeshi Isalambo, MCA
12. Hon. Fuad Hussein Mohamed, MCA
13. Hon. Fatuma Abduwahid Abey, MCA
14. Hon. Eutyclus Mukiri Muriuki, MCA
15. Hon. Fredrick Njoroge Njogu, MCA
16. Hon. Rachel Wanjiru Maina, MCA
17. Hon. Aaron Kangara Wangare, MCA
18. Hon. Carrington Gichunji Heho, MCA
19. Hon. Mark Thiga Ruyi, MCA
20. Hon. Simon Maina Mugo, MCA
21. Hon. Paul Wachira Kariuki, MCA
22. Hon. Martin Mbugua Mwangi, MCA
23. Hon. Mary Wanjiru Kariuki, MCA

The Committee comprised of the following members of staff;

1. Mr. Kevin Wasike - Senior Clerk Assistant
2. Mr. Benedict Ochieng - Second Clerk Assistant
3. Mr. Klisnamann Munase - Legal Counsel
4. Mr. Anthony Nyandiere - Hansard

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

1.5. Background

The audit involved auditing of the financial statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund by the Auditor-General which comprise Statement of financial position as at 30th June 2025, and Statement of income and expenditure, Statement of changes in equity and Statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

1.6. Establishment of the Fund

The 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 Car Scheme Fund) Regulations 2014 which has since been repealed into The Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2017 to guide operationalization of the Fund. The Fund is wholly owned by the County Government of Nairobi 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 authorized the establishment of the Car Loan Scheme Fund with the approval of the County Assembly.

The Nairobi City County Assembly Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to the provisions of 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 circular ref SRC/TS/CAF/3/61/49(46) dated 13th December, 2017 from the Salaries and Remunerations Commission.

The Fund started operations on 1st of 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 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 the Financial Year 2018/2019.

1.7. Auditor-General's Responsibility

The Auditor-General's responsibility was to obtain reasonable assurance about whether the Financial Statements as a whole were free from material misstatement, whether due to fraud or error, and to express an opinion on the Financial Statements in accordance with Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable

assurance about whether the financial statements are free from material misstatement. The matters mentioned in the audit report were identified through tests considered necessary for the purpose of the audit and there might be other matters and/or weaknesses that were not identified.

1.8. Highlights from the Report of the Auditor-General

The Auditor-General opined that Regulation 101(4) of Public Finance Management (County Governments) Regulations, 2015, provides that the accounting officer shall prepare the Financial Statements in a form that complies with the relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board not later than three months after the end of the financial year and submit them to the Auditor-General.

In the audit opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of the report, the financial statements present fairly, in all material respects, the financial position of as at 30th June, 2021, 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 complied with Nairobi City County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017 and the Public Finance Management Act, 2012.

1.9. Appreciation

Hon. Speaker,

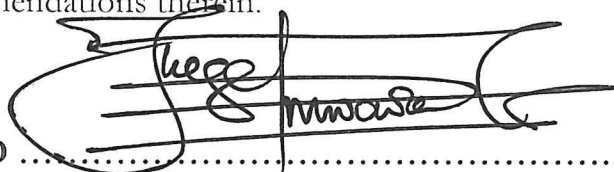
The Committee would like to thank the **Fund Administrator** for appearing before it and affirming the opinion of the Auditor-General.

Hon. Speaker,

The Committee also wishes to sincerely thank the Offices of the Speaker and the Clerk for the services extended to the Committee while considering this matter. The Committee further wishes to appreciate the Officers from the Office of the Auditor-General and the Committee Secretariat for their exemplary advisory services that enabled Members effectively execute their mandate.

Hon. Speaker,

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



SIGNED

HON. CHEGE MWAURA (CHAIRPERSON)

22/04/2026

2.0. COMMITTEE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE 2025.

2.1.1. Variances between the Statements of Cash Flows and Comparison of Budget and Actual Amounts

Review of the financial statements revealed unreconciled variances between the statement of cash flows and the statement of comparison of budget and the actual amounts as analyzed below;

	Particulars	Statement Cash Flows (Kshs)	Statement of Comparison of Budget and Actual Amounts (Kshs)	Variance (Kshs)
1.	Interest Received	21,457,177	24,152,185	2,695,008
2.	Fund Administration Expenses	23,035,421	23,088,090	53,669

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

As observed by the auditor, the Statement of Cashflows and the Statement of Comparison of Budget and actual amounts reported the figures as shown in the above table. The Cashflow Statement shows cash inflows and outflows whether they relate to the year under reporting or previous years. Statement of Budget and actual amounts, under the column of “Actual Amounts on Comparable Basis” reflected the performance of the Fund as reflected in the statement of Financial Performance which included accrued incomes. An explanation for the differences is provided below.

	Particulars	Statement Cash Flows (Kshs)	Statement of Comparison of Budget and Actual Amounts (Kshs)	Variance (Kshs)
1.	Interest Received	21,457,177	24,152,185	2,695,008
		This amount represents the	The amount agrees with the amount in Statement	This difference arises from comparing two bases of reporting

		actual cash inflow for the Fund.	of Financial Performance.	being Cash basis under Cashflow Statement and Accrual Basis under Statement of Financial Performance.
2.	Fund Administration Expenses	23,035,421 This amount represents the actual payments from the Fund being cash outflow	23,088,090 This amount represents expenses incurred by the Fund	53,669 This difference arises from comparing two bases of reporting being Cash basis under Cashflow Statement and Accrual Basis under Statement of Financial Performance.

Committee Observation:

The Committee acknowledges the Auditor's concern regarding the unreconciled variances of Kshs. 2,695,008 (Interest Received) and Kshs. 53,669 (Fund Administration Expenses) between the Statement of Cash Flows and the Statement of Comparison of Budget and Actual Amounts.

The Committee has reviewed the management's explanation that the variance was due to the different accounting bases used; the Cash Flow Statement was prepared on a cash basis (recording actual cash inflows and outflows), while the Statement of Comparison of Budget and Actual Amounts derives its 'Actual' figures from the Statement of Financial Performance, which was prepared on an accrual basis (recording income when earned and expenses when incurred).

The Committee finds the management's explanation to be technically sound and consistent with public sector accounting principles. The variance was not an error but a function of the different reporting frameworks required by the Public Finance Management (PFM) Act and applicable accounting standards. The figures in both statements are accurate in their respective contexts.

Committee Recommendation:

- The Committee recommends that, to prevent future audit queries and improve transparency, the Management should include a clear and detailed note in the financial statements for the next reporting period. This note should explicitly explain the difference between cash and

accrual bases of accounting and provide a reconciliation between the two statements for these key line items.

2.1.2. Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Nairobi City County Assembly Car Loan and Mortgage Scheme Fund in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unremitted Payroll Deductions
2	2023/2024	Long Outstanding Receivables from Non-Exchange Transactions
3	2023/2024	Delay in Loan Deductions
4	2023/2024	Non-Automation of the Car Loan and Mortgage Financial Reporting Process

Management Response

The prior year audit matters as highlighted by the Auditor in the above table were part of the audit report for Financial Year 2023/2024 tabled before the County Assembly and committed to the Public Accounts Committee. The Management was invited by the said Committee to make explanations as to the Status of each of them. The Management made the necessary explanations and clarifications and based on the explanations, the Committee is expected to make a final report on each of them.

Committee Observation:

The Committee notes with concern that four significant audit issues from the prior year (2023/2024) remain unresolved: Unremitted Payroll Deductions, Long Outstanding Receivables, Delay in Loan Deductions, and Non-Automation of the Financial Reporting Process.

The Committee has considered the Management's response, which states that these matters were presented to the Public Accounts Committee (PAC), explanations were provided, and a final report from the PAC is pending.

While the Committee acknowledges that the matters are technically sub-judice pending the PAC's report, the recurring nature of these issues is unacceptable. Their presence in the audit report for two consecutive years' points to deep-seated, systemic internal control weaknesses.

Passing the matter to the PAC does not absolve current management of the responsibility to proactively address these issues.

Committee Recommendation:

- The Committee recommends that the Clerk, who is the accounting Officer to develop and submit to the Public Accounts Committee a time-bound action plan within 60 days after adoption of this report to address each of the four unresolved issues;
- That for "Unremitted Payroll Deductions" and "Long Outstanding Receivables," the Management must immediately initiate recovery and remittance processes and provide a monthly status update to the Committee;
- That "Non-Automation of the Financial Reporting Process" is a critical weakness that exposes the Fund to errors and fraud. The Committee recommends that the Management should prioritize budgeting for and implementing a robust, automated financial management system within the next financial year;
- That the Management should provide a comprehensive report on the implementation of these recommendations to the Committee within 60 days after adoption of this report; and
- That the Management to submit a comprehensive report on the implementation of all recommendations of the all the previous adopted reports within three months after the adoption of this report pursuant to the provisions of Section 53 of the Public Audit Act, 2015.

2.1.3. Unsupported Transfers to Nairobi City County Assembly

The statement of cash flows reflected balances of Ksh.83,206,568 and Ksh.88,393,960 in respect to cash transfers to and from the Nairobi City County Assembly respectively. Review of records provided for audit revealed that the County Assembly had an opening balance of Ksh.85,317,962 in funds borrowed from the Car and Mortgage Fund. During the year, the funds additional transfers amounting to Ksh.83,206,568 to the Assembly, bringing the total borrowings to Ksh.168,524,260. Further, records indicate that the Assembly repaid Ksh.22,033,960 resulting to an outstanding balance of Ksh.146,490,290 at the end of the financial year. However both the County Assembly and the Mortgage fund are under the management of the same Accounting Officer, raising concerns over independence, oversight and financial responsibility in the borrowing and repayment process.

There were also no laws, policies or regulations governing the borrowing arrangements between the County Assembly and the Mortgage Fund. This was contrary to section 141(1) of the Public Finance Management Act, 2012 which provides that, “in borrowing money, a County Government shall ensure that its financing needs and payment obligations are met at the lowest possible cost in the market that is consistent with a prudent degree of risk, while ensuring that the overall level of public debt is sustainable”.

In the circumstances management was in breach of law and the objective of the Car and Mortgage Scheme Fund may not be achieved in the long run.

Management Response

As correctly observed by the Auditor, the Fund had an outstanding balance of Ksh.146,490,290 on account of transfers to NCCA’s recurrent account. Further and as the auditor rightly observed by the Fund and the County Assembly Service Board are operated by the same Accounting Officer being the Clerk of the County Assembly. This is in line with Section 148(4) of the Public Finance Management Act 2012 read together with Regulations 3(1) and 6(1)(g) of the Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations, 2017. The Accounting Officer has been mandated to monitor, evaluate and oversee management of public resources under Section 147 of the Public Finance Management Act 2012. The officer has been undertaking this role both for the County Assembly Operations and the Car Loan and Mortgage fund in a professional and objective manner.

As pertains laws, policies and regulations governing borrowings as espoused in Section 141(1) of the Public Finance Management Act 2012, the Administrator of the Fund, in making the borrowing is guided by Section 116(3) which provides that the administrator shall ensure that the accrual and earnings of the Fund are retained in the Fund unless the County Executive Committee Member for Finance directs otherwise. In addition, before any borrowings are made, the Loans Management Committee makes a resolution to that effect. There are therefore appropriate safeguards in the borrowing process. Having said that it is important to point out that Section 141(1) of the Public Finance Management Act 2012, addresses borrowings from the financial market which carries with it a degree of risk. The borrowings made by the Fund are internal transfers within the institution of the County Assembly Service Board which carries no risk.

Committee Observation:

This is the most critical issue raised. The Committee observes that the Fund has an outstanding receivable of Kshs. 146,490,290 from the County Assembly. The audit query raises two fundamental concerns: the lack of independence between the borrower and lender (same Accounting Officer) and the absence of a legal or regulatory framework governing these "internal transfers."

The Committee has carefully considered the management's defense; that the arrangement is an "internal transfer," not a "borrowing" under Section 141(1) of the PFM Act, and that it is guided by internal resolutions.

The Committee rejects the management's justification and fully concurs with the Auditor-General's findings.

- The argument that the same Accounting Officer can objectively manage both sides of this transaction is fundamentally flawed. It creates an inherent conflict of interest, undermining the oversight and financial responsibility that the PFM Act seeks to establish. It treats public funds from the Car Loan and Mortgage Scheme as a slush fund for the Assembly's recurrent budget.
- The Committee finds management's interpretation of Section 141(1) to be disingenuous. While the funds may be moving internally, the transaction is a *de facto* loan, creating a financial obligation and credit risk for the Fund. The absence of a formal, publicly available legal framework governing these transfers is a direct violation of the principle of prudent financial management and exposes the Fund to unsustainable risk. The reliance on an internal "resolution" without a clear legal basis is insufficient and imprudent. The primary objective of the Fund is providing car loans and mortgages to staff is being compromised to finance county assembly operations.

Committee Recommendation:

- The Committee recommends that the Clerk who is the Accounting Officer, in consultation with the County Treasury, must draft specific guidelines governing any future inter - fund borrowings. These guidelines must be submitted to the County Assembly for approval within 90 days after adoption of this report. The framework must include:
 - a) A clear definition of "borrowing" vs. "transfer";

- b) A mandatory, fully costed repayment plan with a definite timeline;
 - c) Independent management of the fund by establishing the fund manager with clear roles different from the Accounting Officer; and
 - d) A market-related interest rate to compensate the Fund for the loss of use of its money.
- That the Management must present a realistic recovery plan to the Select Committee on Car Loan and Mortgage within 30 days after adoption of this report for the full settlement of the Kshs. 146,490,290 outstanding balance. This plan must include a clear repayment schedule; and
- That Members' fund be separated from the staff with the fund for Members be managed by a third party to ensure growth and availability of funds for Members immediately at the commencement of a Term of the County Assembly.

3.0. CONCLUSION

The Committee having considered both the “**Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund for the year ended 30th June 2025**” and written/oral responses to the audit query raised therein, recommends the fund administrator for prudence and urges that the issues raised by the Auditor-General be addressed to avoid recurrence of the same.

4.0. SUMMARY OF ALL RECOMMEDATIONS

Following the Committee's consideration of the **Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund for the year ended 30th June 2025**" and having considered responses from the Accounting Officers, the Committee urges the County Assembly to resolve as follows:

1. Variances between the Statements of Cash Flows and Comparison of Budget and Actual Amounts

— The Committee recommends that, to prevent future audit queries and improve transparency, the Management should include a clear and detailed note in the financial statements for the next reporting period. This note should explicitly explain the difference between cash and accrual bases of accounting and provide a reconciliation between the two statements for these key line items.

2. Unresolved Prior Year Matters

- The Committee recommends that the Clerk, who is the accounting Officer to develop and submit to the Public Accounts Committee a time-bound action plan within 60 days after adoption of this report to address each of the four unresolved issues;
- That for "Unremitted Payroll Deductions" and "Long Outstanding Receivables," the Management must immediately initiate recovery and remittance processes and provide a monthly status update to the Committee;
- That "Non-Automation of the Financial Reporting Process" is a critical weakness that exposes the Fund to errors and fraud. The Committee recommends that the Management should prioritize budgeting for and implementing a robust, automated financial management system within the next financial year; and
- That the Management should provide a comprehensive report on the implementation of these recommendations to the Committee within 60 days after adoption of this report.

3. Unsupported Transfers to Nairobi City County Assembly

— The Committee recommends that the Clerk who is the Accounting Officer, in consultation with the County Treasury, must draft specific guidelines governing any future inter-fund borrowings. These guidelines must be

submitted to the County Assembly for approval within 90 days after adoption of this report. The framework must include:

- (a) A clear definition of "borrowing" vs. "transfer";
 - (b) A mandatory, fully costed repayment plan with a definite timeline;
 - (c) Independent management of the fund by establishing the fund manager with clear roles different from the Accounting Officer; and
 - (d) A market-related interest rate to compensate the Fund for the loss of use of its money.
- That the Management must present a realistic recovery plan to the Select Committee on Car Loan and Mortgage within 30 days after adoption of this report for the full settlement of the Kshs. 146,490,290 outstanding balance. This plan must include a clear repayment schedule; and
- That Members' fund be separated from the staff with the fund for Members be managed by a third party to ensure growth and availability of funds for Members immediately at the commencement of a Term of the County Assembly.

5.0. ANNEXURES

Annex	Title
Annex 1	Minutes of the Sittings
Annex 2	Written Responses to all audit queries by the Clerk, Nairobi City County Assembly

THE NAIROBI CITY COUNTY GOVERNMENT



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – (FIFTH SESSION)

SELECT COMMITTEE ON PUBLIC ACCOUNTS

Adoption of the Report on the Consideration of the Report of the Auditor-General on the County Assembly
Car Loan and Mortgage Fund for the Year Ended 30th June, 2025

S/No.	NAME	SIGNATURE
1.	Hon. Chege Mwaura, MCA – Chairman	
2.	Hon. Abel Osumba Atito, MCA – Vice-Chairman	
3.	Hon. Benter Juma Obiero, MCA	
4.	Hon. John Rex Omolleh, MCA	
5.	Hon. Stazo Omung'ala Ang'ila, MCA	
6.	Hon. Richardo Nyantika Billy, MCA	
7.	Hon. John Ndile Musila, MCA	
8.	Hon. Cyrus Mugo Mubea, MCA	
9.	Hon. Jane Musangi Muthembwa, MCA	
10.	Hon. Emmy Khatemeshi Isalambo, MCA	
11.	Hon. Fuad Hussein Mohamed, MCA	
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13.	Hon. Redson Otieno Onyango, MCA	
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16.	Hon. Rachel Wanjiru Maina, MCA	
17.	Hon. Aaron Kangara Wangare, MCA	
18.	Hon. Carrington Gichunji Heho, MCA	
19.	Hon. Mark Thiga Ruyi, MCA	
20.	Hon. Simon Maina Mugo, MCA	
21.	Hon. Paul Wachira Kariuki, MCA	
22.	Hon. Martin Mbugua Mwangi, MCA	
23.	Hon. Mary Wanjiru Kariuki, MCA	

MINUTES OF THE 8TH SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY SELECT COMMITTEE ON COUNTY PUBLIC ACCOUNTS HELD ON FRIDAY, 6TH MARCH, 2026 AT 2:30 P.M. AT LAKE NAIVASHA RESORT, NAKURU COUNTY.

MEMBERS PRESENT:

1. Hon. Chege Mwaura, MCA – Chairman
2. Hon. Abel Osumba Atito, MCA – Vice-Chairman
3. Hon. Emmy Khatemeshi Isalambo, MCA
4. Hon. Redson Otieno Onyango, MCA
5. Hon. Paul Wachira Kariuki, MCA
6. Hon. Jane Musangi Muthembwa, MCA
7. Hon. Cyrus Mugo Mubea, MCA
8. Hon. Rachel Wanjiru Maina, MCA
9. Hon. Mark Thiga Ruyi, MCA
10. Hon. Billy Ricardo Nyantika, MCA
11. Hon. John Rex Omolleh, MCA
12. Hon. Carrington Gichunji Heho, MCA
13. Hon. Benter Juma Obiero, MCA
14. Hon. Fatuma Abduwahid Abey, MCA
15. Hon. Eutyclus Mukiri Muriuki, MCA
16. Hon. Stazo Elijah Omung'ala Ang'ila, MCA
17. Hon. Mary Wanjiru Kariuki, MCA
18. Hon. Fredrick Njoroge Njogu, MCA
19. Hon. Aaron Kangara Wangare, MCA
20. Hon. John Ndile Musila, MCA
21. Hon. Simon Maina Mugo, MCA

MEMBERS ABSENT:

1. Hon. Hussein Fuad Mohammed, MCA
2. Hon. Martin Mbugua Mwangi, MCA

SECRETARIAT

1. Mr. Kevin Wasike – Snr. Clerk Assistant
2. Mr. Benedict Ochieng – Clerk Assistant
3. Mr. Klinsman Munase – Legal Counsel
4. Mr. Anthony Nyandiere – Hansard Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Jeff Otieno

MIN.037/NCCA/PAC/MARCH/2026

– PRELIMINARIES

The Chairman called the meeting to order at twenty minutes past O'clock and welcomed Members present to the meeting after lunch break. The took them through the agenda which was adopted for consideration as proposed by Hon. Redson Onyango, MCA and seconded by Hon. Emmy Khatemeshi, MCA as follows: -

1. Preliminaries (prayers and adoption of the agenda),

2. Adoption of the Draft Report on the consideration of Special Audit of the Auditor General on Payroll Management for Nairobi City County Executive for the Financial Years 2021/2022; 2022/2023; and 2023/2024,
3. Adoption of the Draft Report on the consideration of Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2025,
4. Any Other Business, and
5. Adjournment.

MIN.038/NCCA/PAC/MARCH/2026 – ADOPTION OF THE DRAFT REPORT ON THE CONSIDERATION SPECIAL AUDIT OF THE AUDITOR GENERAL ON PAYROLL MANAGEMENT FOR NAIROBI CITY COUNTY EXECUTIVE FOR THE FINANCIAL YEARS 2021/2022; 2022/2023; AND 2023/2024

The Secretariat tabled and took the Committee through the Draft Report on the consideration of Special Audit Report of the Auditor-General on Payroll Management for Nairobi City County Executive for the Financial Years 2021/2022; 2022/2023; and 2023/2024. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Mark Thiga, MCA and seconded by Hon. Fredrick Njogu, MCA.

MIN.039/NCCA/PAC/MARCH/2026 – ADOPTION OF THE DRAFT REPORT ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2025

Subsequently, the Secretariat tabled and took the Committee through the Draft Report on the consideration of Report of the Auditor-General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan and Mortgage Scheme Fund for the year ended 30th June, 2025. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Aaron Kangara, MCA and seconded by Hon. Cyrus Mugo, MCA.

MIN.040/NCCA/PAC/MARCH/2026 – A.o.B

Review of pending Business – the matter was to be discussed in the subsequent meetings of the Committee.

MIN.041/NCCA/PAC/MARCH/2026 – ADJOURNMENT

There being no other business, and the time being thirty-five minutes past five O'clock, the Chairman adjourned the meeting. The next meeting would be communicated in due course.

CONFIRMED AS A TRUE RECORD OF THE PROCEEDINGS

	SIGNATURE	DATE
CHAIRPERSON	