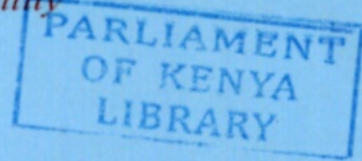




*Enhancing Accountability*



**REPORT**

**OF**

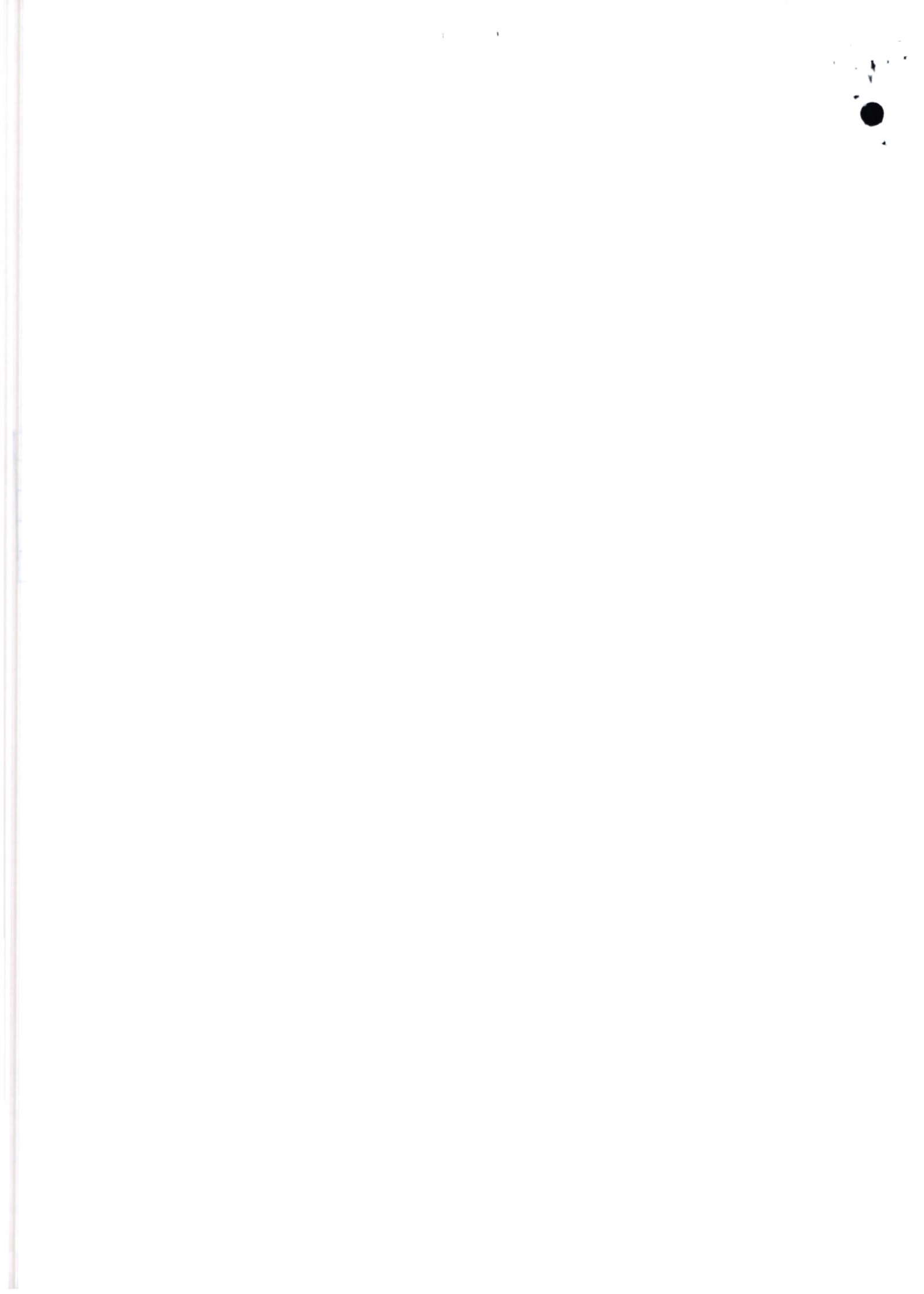
PAPERS LAID	
DATE	05/10/2022
TABLED BY	Senate Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Angela Macharia

**THE AUDITOR-GENERAL**

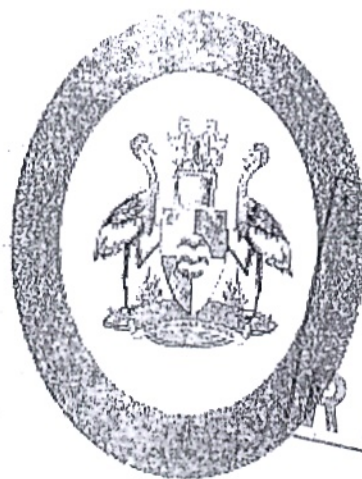
**ON**

**NAIROBI CITY COUNTY ASSEMBLY  
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



# NAIROBI CITY COUNTY



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

27 SEP 2019

RECEIVED

## COUNTY ASSEMBLY SERVICE BOARD

## MORTGAGE SCHEME FUND

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

---

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



NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

---

Table of Content	Pa
NAIROBI CITY COUNTY ASSEMBLY KEY INFORMATION AND MANAGEMENT. ....	..... 2
FORWARD BY THE CLERK TO THE COUNTY ASSEMBLY.....	.....4
STATEMENT OF FUND ADMINISTRATOR RESPONSIBILITIES.....	..... 6
REPORT OF THE INDEPENDENT AUDITORS.....	.....8
STATEMENTS OF INCOME AND EXPENDITURE.....	.....9
STATEMENT OF FINANCIAL POSITION.....	.....10
CASHFLOW STATEMENT.....	.....11
STATEMENT OF CHANGES IN EQUITY.....	.....12
SIGNIFICANT ACCOUNTING POLICIES.....	.....13
NOTES TO FINANCIAL STATEMENTS.....	.....14

**NAIROBI CITY COUNTY ASSEMBLY**  
**Mortgage Scheme Fund**  
**Financial Statements**  
**For the year ended June 30, 2019 (Kshs'000)**

---

**NAIROBI CITY COUNTY ASSEMBLY KEY INFORMATION AND MANAGEMENT**

**(a) Background information**

County Assemblies are established pursuant to Article 176(1) of the Constitution of Kenya. Accordingly section 12 of the County Governments Act establishes County Assembly Service Boards for each County government. Among the functions bestowed upon County Assembly Service Boards is preparation of annual financial estimates of expenditure, exercising budgetary control and performing other functions prescribed by national legislation. Section 116 of the Public Finance Management Act, 2012 empowers the County Executive Committee Member for Finance to establish County Public Funds with the approval of the County Executive Committee and the County Assembly. Subsection 7 requires the administrator of a County Public Fund to prepare Accounts for each financial year and submit them to the Auditor General.

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 27<sup>th</sup> November, 2013, the Nairobi City County Executive Committee Member for Finance and Economic Planning authorised the establishment of the Mortgage Loan Scheme Fund with the approval of the County Assembly. The Clerk of the County Assembly, being the Accounting Officer of the Assembly was subsequently appointed the administrator of the fund.

**(b) Key Management**

The County Assembly's day-to-day management is under the Nairobi CityCounty Assembly Service Board

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility was Jacob Ngwele, the Clerk and the Accounting Officer of the County Assembly.

**(d) Fiduciary Oversight Arrangements**

The fiduciary oversight arrangement was as offered by;

- The County Assembly's Public Accounts Committee
- Kenya National Audit Office
- Controller of Budget

**NAIROBI CITY COUNTY ASSEMBLY**

**Mortgage Scheme Fund**

**Financial Statements**

**For the year ended June 30, 2019 (Kshs'000)**

---

**(e) Nairobi City County Assembly Headquarters**

P.O. Box 45844-00100

City Hall Building

Second floor

Mama Ngina Street

Nairobi, KENYA

**(f) Nairobi City County Assembly Contacts**

Telephone: (254) 020 2216151

E-mail: [clerk@nrbcountyassembly.go.ke](mailto:clerk@nrbcountyassembly.go.ke)

Website: [www.nrbcountyassembly.go.ke](http://www.nrbcountyassembly.go.ke)

**(g) Nairobi City County Assembly Bankers**

Cooperative Bank of Kenya Ltd

City Hall Branch

P.O.BOX, 44805-00100

Nairobi

**(h) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(i) Senior Legal Counsel**

Office of the Clerk

Thro' Qualified Legal Advocates

P.O.Box. 45844 – 00100

Nairobi




NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

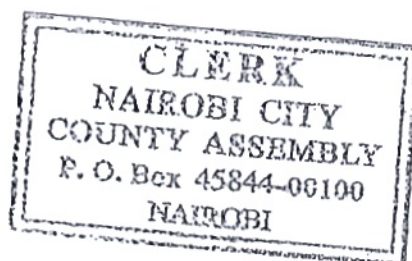
FORWARD BY THE CLERK TO THE COUNTY ASSEMBLY

The Nairobi City County Assembly Mortgage Scheme Fund is a revolving fund established pursuant to Regulation 3 of the to the Public Finance Management (*Nairobi City County Assembly Mortgage Scheme Fund*) Regulations 2014, as read together with section 116 of the Public Finance Management Act, 2012 and circulars ref SRC/TS/WB/3/14 from the Salaries and Remunerations Commission dated 14<sup>th</sup> February 2014.

The Fund started operations in December 2014 under the said Regulations, Public Finance Management (*Nairobi City County Assembly Car Loan Scheme Fund*) Regulation, 2014. During the year under reporting and pursuant to merging of the Car Loan and Mortgage benefits for Members of County Assemblies by the Salaries and Remuneration Commission, the County Assembly adopted new Regulations, 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 during the period under reporting – Financial Year 2018/2019. The Fund was therefore operating under the transitional clause as provided for under Regulation 35 of the new Regulations – the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. Full transition however was effective 1<sup>st</sup> July 2019. These Financial Statements marks the end of financial reporting under the old Regulations of 2014.

As pointed out in the preceding paragraph, the Fund started operations in December 2014 with an initial amount of Ksh.230M. This was further increased by Ksh.116M to Ksh.346M in Financial Year 2015/16. During the year under review, the County Executive Committee member for Finance authorised a transfer of Ksh.100M from the Car Loan Scheme Fund bringing the Fund amount to ksh.446M. The total value of the Fund as the reporting date was 474M.

  
CLERK, NAIROBI CITY COUNTY ASSEMBLY



NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

---

### STATEMENT OF FUND ADMINISTRATOR RESPONSIBILITIES

Section 116 (7) of the Public Finance Management Act, 2012 requires that, at the end of financial year, the administrator for a county public fund shall prepare financial statements in respect of that fund.

The administrator in charge of the Nairobi City County Assembly Mortgage Scheme 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 each Financial Year.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that they 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 Nairobi City County Assembly Mortgage Scheme Fund has accepted responsibility for the Fund's Financial Statements as set out on pages 8-13, which have been prepared using appropriate accounting policies in accordance with International Public Sector Accounting Standards on accrual basis (IPSAS Accrual). The Administrator is of the opinion that the financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2019, and of the Fund's Financial Position as at that date. The Administrator of the Nairobi City County Assembly Mortgage Scheme Fund further confirms 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 controls.

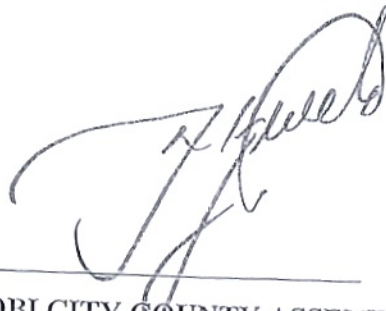


NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

---


Approval of the financial statements

The Fund's financial statements were approved and signed by the Accounting Officer on 27<sup>th</sup> September 2019.



---

CLERK, NAIROBI CITY COUNTY ASSEMBLY  
(FUND ADMINISTRATOR)



---

SNR FINANCE AND PLANNING OFFICER  
(ICPAK MEMBERSHIP No. 3928)

NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

---

REPORT OF THE INDEPENDENT AUDITORS



# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ASSEMBLY MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

---

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Nairobi City County Assembly Mortgage Scheme Fund set out on pages 8 to 13, which comprise of the statement of financial position as at 30 June, 2019, and the statement of income and expenditure, statement of cashflows, statement of changes in equity 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 matter 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 Mortgage Scheme Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulation, 2017 .

#### Basis for Qualified Opinion

##### Presentation of the Financial Statements

Regulation 101(4) of (County Governments) Regulations, 2015, states 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.

A review of the financial statements submitted for audit reveals that they do not comply with the prescribed format issued by Public Sector Accounting Standards



Board in June, 2019 as they omitted reports and information on the Board of Trustees, the management team, the Board/Fund Chairperson's report, corporate Governance statement, the management discussion and analysis, the corporate social responsibility statement/sustainability report and report of the Trustees. Further the statement of comparison of budget and actual amounts was omitted from the financial statements.

In addition, the financial statements have indicated that they have been prepared on the accrual basis in line with International Public Sector Accounting Standards (IPSAS) and the Public Sector Accounting Standards Board. However, the financial statements included the statement of income and expenditure, statement of financial position, cashflow statement and statements of changes in equity. Financial statements prepared under accrual basis should have however included the statement of financial performance, statement of financial position, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts.

In the circumstances, the financial statements are not presented in accordance with International Public Sector Accounting Standards and the reporting template recommended by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi City County Assembly Mortgage Scheme Fund Management in accordance with ISSAI 130 on 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Fund or 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

are in compliance with the authorities which govern them, and that public resources applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.




Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 February, 2022

NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	2019 Ksh. '000'	2018 Ksh. '000'
<b><u>Income</u></b>			
Loan Interest from Borrowers	2	9,727	4,675
Interest Accrued in the fund	3	1,497	4,983
<b>Total Receipts "a"</b>		<b>11,224</b>	<b>9,658</b>
<b><u>Expenditure</u></b>			
Administrative Expenses Paid		2,658	4,201
Bank Charges		37	31
<b>Total Expenditure "b"</b>		<b>2,695</b>	<b>4,232</b>
Surplus/ (Deficit) ("a" - "b" = "c")		8,529	5,426
Surplus/ (Deficit) B/F		20,172	14,746
<b>Surplus/ (Deficit) C/F</b>		<b>28,701</b>	<b>20,172</b>



CLERK, NAIROBI CITY COUNTY ASSEMBLY  
(FUND ADMINISTRATOR)



SNR FINANCE AND PLANNING OFFICER  
(ICPAK MEMBERSHIP No. 3928)



NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	Notes	2019 Ksh.'000'	2018 Ksh.'000'
<b><u>Non-Current Assets</u></b>			
Long term Debtors	1	341,237	230,687
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	4	82,598	106,116
Short term Debtors	1	50,866	29,369
<b>Total Assets</b>		<b>474,701</b>	<b>366,172</b>
<b><u>Financed By</u></b>			
Mortgage Loan Fund Account	5	446,000	346,000
Income and Expenditure Account (Accumulated Surplus/ (Deficit))		28,701	20,172
<b>Net Value of the Fund</b>		<b>474,701</b>	<b>366,172</b>



CLERK, NAIROBI CITY COUNTY ASSEMBLY  
(FUND ADMINISTRATOR)



SNR FINANCE AND PLANNING OFFICER  
(ICPAK MEMBERSHIP No. 3928)

NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

CASHFLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019

Cash flows from operating activities	Notes	2019 Ksh '000'	2018 Ksh'000'
<b>Cash receipts</b>			
Loan Interest Paid by Members	2	9,727	4,675
Interest paid into the fund from deposits	3	2,203	4,983
<b>Total cash received from operating activities 'a'</b>		<u>11,930</u>	<u>9,658</u>
<b>Cash Payments</b>			
Fund Administrative fees paid		2,658	4,201
Bank charges		37	31
<b>Total cash payments 'b'</b>		<u>2,695</u>	<u>4,232</u>
<b>Net Cash from operating Activities 'a'-'b'='c'</b>		<u>9,235</u>	<u>5,426</u>
<b>Cash flows from investing activities</b>			
Loans paid by members		39,593	14,162
Loans advanced to members		172,346	179,084
<b>Net cash flows from investing activities 'd'</b>		<u>(132,753)</u>	<u>(164,922)</u>
<b>Cash flows from financing activities</b>			
Cash Receipts from Car Loan Fund		100,000	0
Cash paid back to County Treasury		0	0
<b>Net cash flows from financing activities 'e'</b>		<u>100,000</u>	<u>0</u>
Cash at the beginning of period 'f'		106,116	265,612
<b>Cash at the end of period (c +d+e+f)</b>	4	<u>82,598</u>	<u>106,116</u>



CLERK, NAIROBI CITY COUNTY ASSEMBLY  
(FUND ADMINISTRATOR)



SNR FINANCE AND PLANNING OFFICER  
(ICPAK MEMBERSHIP No. 3928)

NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)  
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2019

	Mortgage Loan Fund Account KSH (000')	Accumulated Surplus/Deficit KSH (000')	Total KSH (000')
<b>Balance b/f 1st July 2015</b>	230,000	359	230,359
Transfers into the fund	116,000		116,000
Surplus for the year	-	2,928	2,928
<b>Balance as at 30th June 2016</b>	346,000	3,287	349,287
<b>Balance b/f 1st July 2016</b>	346,000	3,287	349,287
Transfers into the fund	-		-
Surplus for the year	-	11,459	11,459
<b>Balance as at 30th June 2017</b>	346,000	14,746	360,746
<b>Balance b/f 1st July 2017</b>	346,000	14,746	360,746
Transfers into the fund	-		-
Surplus for the year	-	5,426	5,426
<b>Balance as at 30th June 2018</b>	346,000	20,172	366,172
<b>Balance b/f 1st July 2018</b>	346,000	20,172	366,172
Transfers into the fund	100,000		100,000
Surplus for the year	-	8,529	8,529
<b>Balance as at 30th June 2019</b>	446,000	28,701	474,701



**NAIROBI CITY COUNTY ASSEMBLY**  
**Mortgage Scheme Fund**  
**Financial Statements**  
**For the year ended June 30, 2019 (Kshs'000)**

---

**SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance and comply with International Public Sector Accounting Standards (IPSAS) accrual basis. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the fund and all values are rounded to the nearest one thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

**2. Budget**

The Fund operates as a revolving fund and therefore the amounts deposited therein are available for borrowing at any time provided it is for the purpose of the fund. The fund however receives transfers from the County Treasury which are budgeted for in any financial year. No amounts were received in the year under reporting since there were no requisitions to be budgeted and approved as required by Law and as detailed in the Nairobi City County Assembly's Printed Estimates.

**3. Merging of the Car and Mortgage Funds**

As guided 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 27<sup>th</sup> November, 2013, the Nairobi City County Executive Committee Member for Finance and Economic Planning authorised the establishment of the Car Loan Scheme Fund and Mortgage Loan Scheme Fund with the approval of the County Assembly. The Commission has since merged the benefit into one scheme fund necessitating the County Assembly to adopt *The Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2017* to guide operationalization of the Fund. The Car Loan Scheme Fund has since been merged with the Mortgage Scheme Fund as per the approval of County Executive Committee Member for Finance and Economic Planning. The CECM Finance authorised the establishment of Nairobi City County Assembly Car Loan and Mortgage Scheme Fund Account that began operations on 1<sup>st</sup> July 2019. The Mortgage Loan financial statements for the period ended 30<sup>th</sup> June 2019 are therefore the last to be reported as a separate and distinct fund.

NAIROBI CITY COUNTY ASSEMBLY  
Mortgage Scheme Fund  
Financial Statements  
For the year ended June 30, 2019 (Kshs'000)

**NOTES TO FINANCIAL STATEMENTS**

1. Analysis of Debtors.

Category	Amount Ksh.
a. Short Term Debtors	50,865,564
b. Long Term Debtors	<u>341,237,529</u>
Total	<u><u>392,103,093</u></u>

2. Loan Interest Paid by Members

Loan interest paid by members represents the interest charged on borrowings as advised by Salaries and Remuneration Commission at 3% per year on reducing balance.

3. Interest Accrued in the Fund

Interest accrued in the Fund represents the amount of interest paid by the Fund bankers, Cooperative Bank Ltd on daily balances held in the Fund Account on behalf of Nairobi County Assembly for the period under reporting.

4. Cash and Cash equivalents

Cash and cash equivalents represent cashbook balance.

5. Inter-Fund advance

During the year under reporting, the County Executive Committee Member for Finance and Economic planning authorised a transfer of Ksh.100,000,000. This transfer increased the Mortgage Scheme Fund amount from Ksh.346M to the reported amount of Ksh.446M.