

REPUBLIC OF KENYA

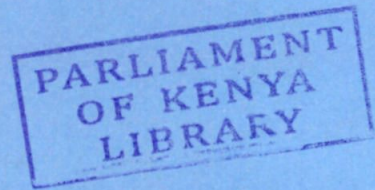


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

**MOMBASA COUNTY ASSEMBLY CAR
LOAN AND MORTGAGE FUND**

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

PAPERS LAID	
DATE	6/3/2025
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COMMITTEE	
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OFFICE OF THE AUDITOR GENERAL
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**MOMBASA COUNTY ASSEMBLY
MEMBERS AND STAFF CAR LOAN
AND MORTGAGE FUND**

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

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

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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	vi
4.	Management Team	vii
6.	Report of The Fund Administrator	xi
7.	Statement of Performance Against the County Fund's Predetermined Objectives	xiii
8.	Corporate Governance Statement	xv
9.	Management Discussion and Analysis	xvii
10.	Environmental and Sustainability Reporting	xviii
11.	Report of the Trustees	xix
12.	Statement of Management's Responsibilities	xx
13.	Report of The Independent Auditor on the Financial Statements for Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund.	xxii
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	3
17.	Statement of Cash Flows for The Year Ended 30 June 2024	4
18.	Statement Of Comparison Of Budget And Actual Amounts For The Period 2024	5
19.	Notes to the Financial Statements	6
20.	Annexes	36

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

County Assembly of Mombasa Car loan & Mortgage Fund is established by and derives its authority and accountability vide County Assembly Members and Staff Car Loan Regulations (2018), duly gazetted under Kenya Gazette Supplement N0.2 dated 27th March 2018. The Fund is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The fund's objective is to advance loans to staff and Members of the County Assembly at competitive rates as guided by circulars from Salaries and Remuneration Commission (SRC) on Car Loan & Mortgage Schemes for State Officers and other public officers.

The Fund's principal activity is to source for funding from the Controller of Budget, through the County Treasury, advance loans to Members of the Assembly and recover through payroll check off system and plough back the same to the revolving fund for further issuance of loans to qualifying members of the Assembly.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to issue affordable loans to staff and members of the County Assembly of Mombasa and recover the same vide payroll deductions to ensure the fund is revolving, self-sustaining and that all loans issued are duly recovered before end of the Assembly (five years of representation for MCA's)

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
1	Chairperson	Salim Juma Mwalimu
2	Member	Hon.Ali Omar Shariff
3	Member	Hon.Kibwana Swaleh Baya
4	Member	Hon.Athman Rama Mwamwiri
5	Member	Clara Wonge Mwachoki
6	Member	Penina Mwikali James
7	Member	Paul Mutungi Mulila
8	Member	Abdalla Ali Abeid
9	Member	Alfred Jilo Kidai
10	Member	Christine Aqua Mududa
11	Member	Aswif Abdalla Amur

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024
Key Entity and Management (Continued)

d) Key Management Team

Ref	Position	Name
1	Fund Manager/ Administrator	Salim Juma Mwalimu
2	Fund Accountant	Paul Mutungi Mulila
3	Member of County Assembly	Hon. Athman Rama Mwamwiri
4	Member of County Assembly	Hon. Ali Omar Shariff
5	Director, Human Resource	Clara Wonge Mwachoki
6	Payroll Manager	Penina Mwikali James

e) Fiduciary Oversight Arrangements

The Directorate of Audit and key House committees (Committee on Finance, Budget and Appropriation, and the Public Accounts Committee) valiantly play their oversight responsibilities as empowered by the PFM Act to ensure the operations of the County Assembly of Mombasa Car Loan and Mortgage Fund operations comply with the PFM Act and other laws and regulations. Similarly, all other House committees play their oversight roles as provided for in the law.

f) Registered Offices

County Assembly Building
P.O. Box 80438
80100 GPO
Mombasa, KENYA

g) Fund Contacts

Telephone: (+254) 41 2311 025
E-mail: info@mombasaassembly.go.ke Website:
www.mombasaassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. SBM Bank (K) Ltd
Old Town Branch
Mombasa, Kenya
3. Gulf African Bank
Bondeni Branch
Mombasa, Kenya

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024
Key Entity and Management (Continued)

4. Independent Auditors

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

5. Principal Legal Adviser

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





**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

3. Board of Trustees/ Fund Administration Committee



Name	Details of qualifications and experience
<p>1. Trustee 1</p> 	<p>Hon.Aharub Ebrahim Khatri <i>Speaker of the Assembly, Chairman-County Assembly Service Board</i></p> <p>Qualifications and experience Current political leader of the Third County Assembly of Mombasa.</p>
<p>2. Trustee 2</p> 	<p>Salim Juma Mwalimu <i>County Assembly Clerk, Secretary</i></p> <p>Qualifications and experience Holder of Master’s Business Administration-Strategic Management. He has more than 25 years of extensive working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>3. Trustee 3</p> 	<p>Hon.Florence Mkanjala Kachumbo <i>Member of County Assembly, Member</i></p> <p>Qualifications and experience Currently a Nominated Member of County Assembly and Member of the County Assembly Service Board. She has experience in public service spanning over a year period.</p>
<p>4. Trustee 4</p> 	<p>Hon. Ali Omar Shariff <i>Member of County Assembly, Member</i></p> <p>Qualifications and experience Currently the elected Member of County Assembly representing Tononoka Ward and a Member of the County Assembly Service Board. He has vast experience in public service spanning over a 6year period.</p>

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**




4. Management Team

Name	Details of qualifications and experience
<p>1. Salim Juma Mwalimu</p> 	<p>Salim Juma Mwalimu <i>Fund Administrator</i></p> <p>Qualifications and experience Holder of Master's Business Administration-Strategic Management. He has extensive 25 years working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>2. Hon.Athman Rama Mwamwiri</p> 	<p>Hon.Athman Rama Mwamwiri <i>Member of County Assembly</i></p> <p>Qualifications and experience Elected Member of the County Assembly representing the Likoni Ward and the County Assembly Majority Leader. Has experience in public service spanning over a 6 year period.</p>
<p>3. Hon. Kibwana Swaleh Baya</p> 	<p>Hon.Kibwana Swaleh Baya <i>Member of County Assembly</i></p> <p>Qualifications and experience Currently the elected Member of County Assembly representing Miritini Ward and the Chairman of the Committee on Finance, Budget and Appropriation. He has vast experience in public service spanning over an 11 year period.</p>
<p>4. Hon. Ali Omar Shariff</p> 	<p>Hon.Ali Omar Shariff <i>Member of County Assembly</i></p> <p>Qualifications and experience Currently the elected Member of County Assembly representing Tononoka Ward and Member of the County Assembly Service Board. He has experience in public service spanning over a 6 year period.</p>

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

<p>5. Clara Wonge Mwachoki</p> 	<p>Clara Wonge Mwachoki <i>Director Human Resources and Administration</i></p> <p>Qualifications and experience Holder of Master’s Business Administration Degree- Strategic Management. Member of the Institute of Human Resource Management, IHRM. She has 25 years of experience in the public service rising through the ranks to senior leadership positions.</p>
<p>6. Penina Mwikali James</p> 	<p>Penina Mwikali James <i>Payroll Manager</i></p> <p>Qualifications and experience Holder of Master’s Business Administration Degree- Strategic Management. Member of the Institute of Human Resource Management, IHRM. She has 25 years of experience in the public service rising through the ranks to senior leadership positions.</p>
<p>7. Paul Mutungi Mulila</p> 	<p>Paul Mutungi Mulila <i>Senior Accountant</i></p> <p>Qualifications and experience Holder of a Bachelor’s Degree in Education (Business/Economics) and a Certified Public Accountant, CPA(K). Has over 20 years’ experience serving in various senior positions in the public and private sectors.</p>
<p>8. Abdallah Ali Abeid</p> 	<p>Abdallah Ali Abeid <i>Senior Supply Chain Officer</i></p> <p>Qualifications and experience Holder of a Master’s Degree in Strategic Management. Also a Member and a licensed procurement practitioner of Kenya Institute of Supplies Management. Has over 10 years’ experience serving in various senior positions in the public and private sectors.</p>

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

<p>9. Alfred Jilo Kidai</p> 	<p>Alfred Jilo Kidai <i>Senior Fiscal Analyst</i></p> <p>Qualifications and experience Holder of Bachelor's Degree in Commerce (Finance) and a certified Financial Modelling and Valuation Analyst (FMVA®). Has 15 years' experience serving in various senior positions in the public and private sectors.</p>
<p>10. Christine Aqua Mududa</p> 	<p>Christine Aqua Mududa <i>Senior Legal Counsel</i></p> <p>Qualifications and experience Advocate of the High Court of Kenya. A Certified Public Secretary, CPS(K). Has over 10 years' experience serving in senior positions in the public and private sector.</p>
<p>11. Aswif Abdalla Amur</p> 	<p>Aswif Abdalla Amur <i>Senior Internal Auditor</i></p> <p>Qualifications and experience Holder of a Degree in Business Administration. Has over 10 years' experience serving in various positions in the public and private sectors.</p>

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

5. Board/Fund Chairperson's Report

The Chairperson of the 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 Car Loan and Mortgage Fund for the year ended 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.

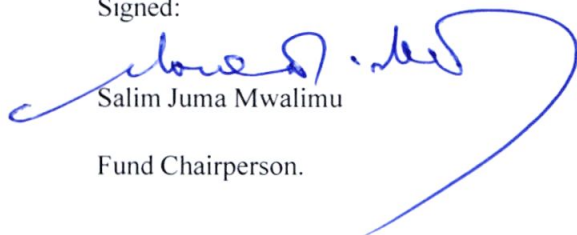
The Fund Chairperson accepts responsibility for the Fund's financial statements, which have been prepared on the Accrual Basis of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Chairperson is of the opinion that the County Assembly's Car Loan and Mortgage Fund's financial statements give a true and fair view of the state of the Fund's transactions for the year ended June 30, 2024 and of its financial position as at that date. The Chairperson further confirms the completeness of the accounting records maintained for Fund which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Fund Chairperson confirms full compliance to applicable Government Regulations and that the Car Loan and Mortgage funds received during the year were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Chairperson confirms that the Fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly of Mombasa Car Loan and Mortgage Fund unaudited financial statements were approved and signed by the Fund Chairperson on **September 25, 2024**.

Signed:



Salim Juma Mwalimu

Fund Chairperson.

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

6. Report of The Fund Administrator

The County Assembly of Mombasa Car Loan & Mortgage Fund was operationalized in 2014 via a resolution of the then County Assembly Service Board and sought to comply with the provisions of the PFM Act 2012 through the guidance of SRC Circulars on Car Loan & Mortgage Scheme, but this never materialized during the First Assembly.

However, the necessary regulations were enacted and published under Kenya Gazette Supplement N0.2 of 27th March 2018.

Under the regulations, a Committee to be known as the Mombasa County Assembly Car Loan and Mortgage Fund Management Committee was established comprising of:-

- 6.1. The Clerk as Chairperson
- 6.2. Chairman of Budget & Appropriation committee
- 6.3. Head of Fiscal Analysis Department
- 6.4. Head of Accounts Department
- 6.5. Head of Human Resource Department who, shall be secretary to the Committee
- 6.6. The Committee to co-opt any other person(s) to attend its meetings for purposes of assisting or advising it discharge its responsibilities.

The County Assembly of Mombasa's initial Car loan and Mortgage Fund (2013-2018) was financed from the County's Printed Estimates and a sum of KSh.20 Million was wired directly to the Fund account at Chase Bank Iman.

The then County Assembly Service Board had signed an MOU with Chase Bank Iman to disburse loans to all Members of the first Assembly who had applied and qualified for loans based on one third rule (1/3rd). Further, the MOU between the County Assembly of Mombasa and Chase Bank had provided for the fund to be shored up to KSh.220 million by disbursing in installments of KSh.20 Million each over the ensuing ten (10) months to Chase Bank from County Treasury to build the fund to a sum of KSh.220 Million. These disbursements were however not effected during the life of the First Assembly, thus the revolving fund stood at KSh.20 Million for all the financial years to 2018-2019. This notwithstanding, Chase Bank Iman went ahead to operationalize the MOU and disbursed loans amounting to KSh.104 Million to Members of the first Assembly. The balances of un-repaid and owed to County Assembly of Mombasa from this arrangement amount to KSh. **6,006,392** as per the list herein appended.

1st ASSEMBLY LOAN BOOK BAL RECEIVABLE FROM MEMBERS AS AT JUNE 30, 2024			
Name	2023-24	2022-23	FY2023-24 MOVT
	KSh.	KSh.	
MUNYIKA Karisa Nzai	528,745.95	959,719.95	(430,974)
KAI Beatrice Santa	1,710,513.95	1,710,513.95	-
HAMISI Saada Rajab	2,010,585.75	2,010,585.75	-
ZUBERI Amina Rajab	1,756,546.65	1,756,546.65	-
TOTAL	6,006,392.30	6,437,366.30	(430,974)

The necessary actions have since been taken by the current Committee of Car Loan and Mortgage Fund for these amounts to be recovered from the beneficiaries besides looking for modalities of writing off the loans due from the two deceased Members of County Assembly (as guided by PFM Act and other Regulations).

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

It is worth to note that The County Assembly Services Board in the Second Assembly signed an MOU with M/S Gulf African Bank, Bondeni branch, to disburse loans to the MCA's in this Secondhouse at first, but the arrangement did not quite take off and the Committee took over the loan application, vetting and processing mandates to this day.

In the Third Assembly, the approved budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the FY2023/24 was KSh.94,440,344. Further, the Fund has yet to receive any disbursement as at the end of the financial year to June 30, 2024. The fund has therefore experienced a current shortfall of KSh.94,440,344 representing a 100% year to date shortfall.

Signed:



Salim Juma Mwalimu

FUND ADMINISTRATOR

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

Introduction

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

The key objectives of the County Assembly of Mombasa Car Loan & Mortgage Fund for the year ended 30 June 2024 plan were to:

- a) Provide timely and affordable loans to staff and members of County Assembly.
- b) Effect monthly recoveries of loans advanced through check off.
- c) Ensure loans are fully recovered before end of political life of the current Assembly.
- d) Ensure efficient effective and prudent management of car loan and mortgage funds.

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the FY2023/24 was KSh.94,440,344, with the same expected to be availed on pro rata by the County Treasury up to the end of the year under review. However, no disbursement was made to the appointed Fund bankers, Gulf African Bank by end of the year 2023/24. The fund therefore experienced a shortfall of KSh.94,440,344, representing a 100% year to date shortfall.

The 100% year to date shortfall has currently hampered the achievement of the FY2023/24 plan of issuing loans to members of Staff of the County Assembly of Mombasa and to Members of the County Assembly. Only 9 MCAs had benefited from Car Loans and Mortgage, with none of the members of Staff benefitting.

We envisage a scenario of more disbursements that will enable the Committee to issue Loans to both MCA's and Members of staff to improve on the numbers of loan beneficiaries.

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loans and Mortgages	To provide funds for granting car loans and mortgages to Members of the County Assembly and employees of the County Assembly as may be prescribed from time to time by the Salaries and Remuneration Commission.	Increased number of Members of the County Assembly and employees of the County Assembly accessing personal cars and residential property ownership	% of Members of the County Assembly and employees of the County Assembly owning personal cars and residential properties in the County Assembly	By end of the 4th Quarter of FY 2023/24 Nine (9) eligible Members of County Assembly benefitted from car loans and mortgages while Zero (0) members of staff benefitted
Car Grants	To provide funds for granting car grants to Members of the County Assembly as may be prescribed from time to time by the SRC.	Increased number of Members of the County Assembly accessing or converting existing car loans to grants and ownership therein	100% of Members of the County Assembly own personal cars and existing car loans were fully converted to car grants in the County Assembly	Performance 0% for the MCA's

8. Corporate Governance Statement

The Fund Administration Committee was established by the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018. Up to the end of the year FY2023/24, the Committee held 54 meetings with attendance as guided by the Regulations in form of quorum. The Regulations allow for a maximum of eight (8) meetings and a minimum of two (2) meetings each month. The determinant of the frequency of these meetings being matters and agendas related to the objectives of the Fund.

Membership to the Committee is as stipulated under the Regulations with representation as highlighted therein. Any change to membership is to be formally done through amendments that shall be gazetted and published to be formalised. The succession and change of membership is to be guided by Section 6(1) of the Regulations.

Pursuant to Regulation 2 of the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund), members to the committee shall comprise the Clerk of the County Assembly (Fund Manager); the Chairperson of the County Assembly Committee on Budget, Finance and Appropriation (or its replacement); the Head of Fiscal Analysts Department; the Head of Accounts Department; the Head of Human Resource Department; the Head of Legal Department; the Head of Audit Department; and any person co-opted to attend Committee meetings for purposes of assisting or advising the Committee.

As per Regulations, the Clerk of the County Assembly plays the role of Fund Manager with the Head of Accounts and that of Human Resources being the Fund Accountant and Secretary to the Committee respectively. The other general functions of the Committee are:

- (a) To process applications for a car loan and /or mortgage in accordance with the existing terms and conditions of borrowing;
- (b) To formulate sound policies for regulating the management of the Fund; to raise and solicit for funds and other assistance to promote the functions of the Committee;
- (c) To receive any gifts, donations, grants or endowment made to the Fund and to make legitimate disbursements there from;
- (d) To establish links with financial institutions for the furtherance of the purposes for which the Fund is established;
- (e) To grant loans and mortgages, as the Committee may deem fit to eligible applicants;
- (f) To perform and exercise all other functions and powers conferred to the Committee by these Regulations or any other law.

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

The Committee is allowed by the Regulations to delegate the functions of appraising and approving loans and managing the Fund to a commercial bank approved or designated by it as an agent of the Committee. This arrangement is however only executed as the said bank being an agent of the Committee.

The Committee has succeeded in processing car loans and mortgage loans applications for 9 Members of the Third County Assembly for the financial year 2023/24. Further, loans paid out to Members of County Assembly are all being recovered through payroll. The processing of applications and running of affairs of the fund was done in a series of meetings with member's attendance and performance highlighted in the table below.

Name	Number of meetings participated	Participation (%)	Membership
Salim Juma Mwalimu	54/54	100%	Chair
Hon.Athman Rama Mwanwiri	34/54	63%	Member
Hon.Kibwana Swaleh Baya	34/54	63%	Member
Hon.Ali Omar Shariff	34/54	63%	Member
Clara Wonge Mwachoki	54/54	100%	Member
Penina Mwikali James	54/54	100%	Member
Aswif Abdalla Amur	34/54	63%	Member
Paul Mutungi Mulila	54/54	100%	Member
Abdalla Ali Abeid	38/54	70%	Member
Alfred Jilo Kidai	54/54	100%	Member
Christine Aqua Mududa	27/54	50%	Member

Currently, there is no formal provision for induction and training of the Administration Committee though need for the same to be formally gazetted has been noted for the future. The Regulations are also being checked for amendments to address the matter of conflict of interest.

Finally, the Committee has not undertaken any ethics and conduct as well as governance audit on the Fund and its activities though the same has been brought to the attention of the Committee for future consideration and action.

Signed:

Salim Juma Mwalimu

FUND ADMINISTRATOR

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

9. Management Discussion and Analysis

The Financial Statements cover the period from July 1, 2023 to June 30, 2024 and account for KSh.251 million; KSh.20 million directly disbursed by County Government of Mombasa during the First Assembly of 2013-2018, KSh.110 million was disbursed from County Assembly of Mombasa's Central Bank account to the Fund's Gulf African Bank account during the Second Assembly of 2019-2022 while KSh.121 million was disbursed to the Car Loan Mortgage account during FY2022-2023.

It is worthwhile to note that of the KSh.251 million being accounted for, KSh.88 million was converted to Car grant with only KSh.163 million being available for the revolving fund aspect. Further, the KSh.20 million Fund created during the First Assembly had loads of administrative difficulties some of which are yet to be resolved to this day. Balance available at Bank at the beginning of the financial year 2022/23 was KSh.22.7 million.

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the 2023/24 financial year was KSh.94,440,344. Of the said budget, there has been no disbursements to the fund up to the end of the year ended 30 June 2024. The fund therefore faced a shortfall of KSh.94,440,344, representing a 100% shortfall as at the end of the fourth quarter. This shortfall notwithstanding, 9 members of the Third Assembly have fully benefitted from Car loans and mortgages amounting to KSh.36.4 million up to the end of the financial year under review.

Going forward, the Committee resolves to consider loan applications from all eligible members of staff so as to benefit from the existing funding level as we envisage budgetary releases in the immediate future.

Signed:-


Member of the Committee

Date: 25/9/2024

10. Environmental and Sustainability Reporting

The County Assembly of Mombasa exists to offer quality services to the residents. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 9 pillars: transparency, non-discrimination, efficiency and effectiveness, integrity, accountability, meritocracy, professionalism, teamwork and rule of law.

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

None in place since the Fund does not procure goods and services.

b) Responsible Supply chain and supplier relations-

The purpose of the Car Loan and Mortgage Scheme is to advance affordable loans to Staff and Members of County Assembly within the shortest time possible upon application.

During the year under review, Loans were advanced to Members of the Assembly who had applied subject to availability of funds. Those whose applications were not settled were duly advised on the reasons thereof. Further, car grant dues were settled subject to availability of funds.

c) Responsible marketing and advertisement-

The car Loan and Mortgage Scheme is not market oriented and so advertisements are not necessary.

d) Product stewardship-None in place currently

5. Community Engagements-

The fund deals with Staff and Members of County Assembly and as such has no engagements with the community.

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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 unaudited financial statements for the fourth quarter of year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to be issuing affordable loans to staff and members of the County Assembly of Mombasa and to recover the same vide payroll deductions to ensure the fund is revolving, self-sustaining and that all loans issued are duly recovered before endof the Assembly (five years of representation) or before a member of staff retires.

Performance

The results of the Fund for the year ended June 30, 2024 are set out from page 1 to page 5 and supported by notes from page 17 onwards.

Trustees

The members of the Board of Trustee /Administration Committee who served during the year areshown on pages vi, vii, viii, ix and x respectively.

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 to carry out the audit of the Fundfor the year ended June 30, 2024. By Order of the Committee.


Chair of the Board/Fund Administration Committee

Date.....25/7/2024.....

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Mombasa County Assembly Car Loan and Mortgage Fund regulations enacted and published under Kenya Gazette Supplement N0.2 of 27th March 2018 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 County Assembly of Mombasa Regulations 2018. 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.

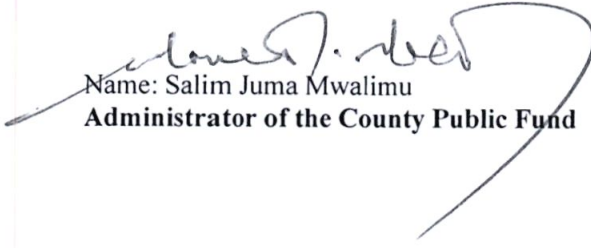
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

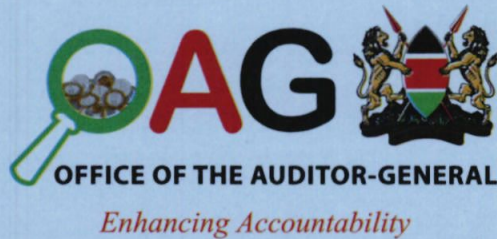
Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th September 2024 and signed on its behalf by:


Name: Salim Juma Mwalimu
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mombasa County Assembly Car Loan and Mortgage Fund set out on pages 1 to 37, which comprise the statement

of 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 Mombasa 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 (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects net assets balance of Kshs.162,225,713 comprising of revolving fund Kshs.251,000,000, reserves Kshs. (89,997,697) and accumulated surplus Kshs.1,223,410. The balances differ with amounts reflected in the statement of changes in net assets of Kshs. (83,712,731) and Kshs. (5,061,556) in respect to reserves and accumulated surplus respectively resulting to unexplained variances of Kshs. (6,284,966) and Kshs. 6,284,966 respectively.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.162,225,713 could not be confirmed.

2. Long Term Receivables from Exchange Transactions

The statement of financial position and Note 13 to the financial statements reflects receivables from exchange transactions balance of Kshs.130,738,945 comprising of current portion of long-term receivables from exchange transactions of Kshs.40,994,855 and long-term receivables from exchange transactions of Kshs.89,744,089. Included in the long-term receivables from exchange transactions balance are defaulted loans from three (3) borrowers totalling to Kshs.6,006,392 whose recoverability is doubtful. There was no evidence provided for audit to show that management has made any efforts to recover the money.

In the circumstances, the accuracy, valuation and allocation of the long-term receivables from exchange transactions of Kshs.6,006,392 could not be confirmed.

3. Long-Term Receivables

As reported in the previous year, the statement of financial position reflects receivables from exchange transactions of Kshs.130,738,944. As disclosed in Note 13 to the financial statements, the amount includes Kshs.89,744,089 in respect to long-term repayment due. Included in the long-term repayment due is Kshs.6,437,366 in respect of debtors, owed by four (4) former Members of the County Assembly (MCAs) who

served between 2013-2018 and had defaulted on their payments. Further, an outstanding amount of Kshs.3,767,133 is owed by two MCAs who are deceased, while Kshs.959,720 is owed by a member whose contract ended on 8 August, 2017. In addition, demand notices to the member's current employer did not include interest charge in line with provisions of Paragraph 2 (7) of the Salaries and Remuneration Commission Circular dated 17 December, 2014 which provides that where state officer or public officer leaves public service employment for whatever reason other than disciplinary grounds, the terms of the loan remain in force and does not change for the life time of the loan unless in cases of default in which it reverts to commercial terms.

In the circumstances, the completeness and recoverability of debt balance of Kshs.6,437,366 is doubtful.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted income and actual amount of Kshs.98,454,112 and Kshs.3,959,418 respectively, resulting in underfunding of Kshs.94,494,694 or 96% of the budget. Similarly, the Fund expended Kshs.2,736,008 against an approved budget of Kshs.3,078,520, resulting to under-expenditure of Kshs.342,512 or 11% of the budget.

The underfunding and under-expenditure affected implementation of planned activities resulting in a negative impact on delivery of services to the citizens.

My opinion is not modified in respect of this matter.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year's Audit Matters

In the audit report for the previous financial year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Although Management has reported that one out of six issue has been resolved, no evidence was provided to show action taken by Management to resolve the outstanding prior year's audit matters.

Other Information

Conclusion

The Management is responsible for the other information set out on page iii to xxii which comprise of Key Entity Information and Management, Governance Statement, Statement of performance Against County Fund's Predetermined Objectives, Corporate Social Responsibility Statement/ Sustainability Reporting, Corporate Governance Statement 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 Mombasa County Assembly Members and Staff 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 and 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 Fund Management Committee

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

The Assembly Management Committee is responsible for overseeing the Kwale County Assembly'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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

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

	Note	FY2023/2024	FY2022/2023
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Assembly of Mombasa	2	-	121,000,000.00
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	3,959,418	1,169,302.47
Other income	5	-	-
Total Revenue		3,959,418	122,169,302
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	2,736,008	2,863,987
Depreciation and Amortization Expense	8	-	-
Finance Costs	9		
Car grant disbursements paid out			8,400,000
Total Expenses		2,736,008	11,263,987
Gain/loss on disposal of assets	10	-	-
Gain /Loss on fair value of investments	11		
Surplus/(deficit) for the period		1,223,410	110,905,315

The notes set out on pages 6 to 35 form an integral part of these Financial Statements

.....
Name: Salim Juma Mwalimu
Administrator of the Fund

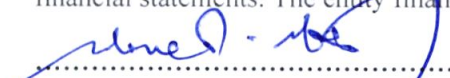
.....
Name: Paul Mutungi Mulila
Fund Accountant
ICPAK Member Number: 5971


**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

15. Statement of Financial Position As at 30 June 2024

	Note	FY2023/2024	FY2022/2023
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	12	24,102,493	22,735,855
Current Portion of Long- Term Receivables From Exchange Transactions	13	40,994,855	24,848,661
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16		
Other receivable from County Treasury	26 d	7,384,277	7,384,277
Total current assets		72,481,626	54,968,793
Non-current assets			
Property, Plant and Equipment	17	-	
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	89,744,089	107,862,822
Investment Property	19		
Total non- current assets		89,744,089	107,862,822
Total Assets (A)		162,225,715	162,831,615
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		
Long Term Portion of Borrowings	22		
Non-Current Employee Benefit Obligation	23		
Social benefit liabilities	24		
Total Liabilities (B)		-	
Net Assets (A-B)		162,225,715	162,831,615
Represented By:			
Revolving Fund		251,000,000	162,831,616
Reserves		(89,997,697)	
Accumulated Surplus		1,223,410	
Net Assets		162,225,713	162,831,616

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 25th September 2024 and signed by:


 Name: Salim Juma Mwalimu
 Administrator of the Fund


 Name: Paul Mutungi Mulila
 Fund Accountant
 ICPAK Member Number:5971

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2022	130,000,000	-	(6,284,966)	123,715,034
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	121,000,000	-	-	121,000,000
Revaluation gain	-	(81,883,418)	-	(81,883,418)
Balance as at 30 June 2023	251,000,000	(81,883,418)	(6,284,966)	162,831,616
Balance as at 1 July 2023	251,000,000	(81,883,418)	(6,284,966)	162,831,616
Surplus/(Deficit) For the Period	-	-	1,223,410	1,223,410
Cummulative Surplus/(deficit) adjustment	-	-	-	-
Funds received during the year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	(1,829,313)	-	(1,829,313)
Balance as at 30 June 2024	251,000,000	(83,712,731)	(5,061,556)	162,225,713

Revaluation reserve balance has been restated to correct FY2022-2023 erroneous balance carried forward.

The revaluation reserve was occasioned by payment of car grant to members of the Second Assembly of years 2017 to 2022 via SRC approval on 9th February 2021.

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

	Note	FY2023/2024	FY2022/2023
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the county government	2	-	121,000,000
Interest received	4	3,959,418	1,169,302
Receipts from other operating activities	5	-	-
Total Receipts		3,959,418	122,169,302
Payments			
Fund administration expenses		-	-
General expenses	7	2,736,008	2,863,987
Finance Costs	9	-	-
Other payments(car grant disbursements)			8,400,000
Net cash flows from operating activities		1,223,410	110,905,315
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Intangible assets			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		36,578,828	8,092,608
Loan disbursements paid out		(36,435,600)	(110,302,599)
Net cash flows used in investing activities		143,228	(102,209,991)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings(SBM Bank Debt)		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		1,366,639	8,695,324
Equivalents			
Cash and cash equivalents at 1 JULY 2023		22,735,855	14,040,531
Cash and cash equivalents at 30 JUNE 2024		24,102,493	22,735,855

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

	Original budget	Adjustment1	Adjustment2	Final budget	Actual on comparable basis	Performance difference	% utilisation
	FY2023/2024	FY2023/2024	FY2023/2024	FY2023/2024	FY2023/2024	FY2023/2024	
Revenue	KShs	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-		-	-	-	-	
Transfers from County Govt.	94,440,344			94,440,344	-	94,440,344	
Interest income	4,013,768		-	4,013,768	3,959,418	54,350	98.65
Other income	-		-	-	-	-	
Total income	98,454,112	-	-	98,454,112	3,959,418	94,494,694	
Expenses							
Fund administration expenses	1,599,000		-	1,599,000	1,356,250	242,750	84.82
General expenses	1,451,400		-	1,451,400	1,356,250	95,150	93.44
Bank & other Charges/Finance Costs	28,120		-	28,120	23,508	4,612	83.60
Total expenditure	3,078,520	-	-	3,078,520	2,736,008	342,512	
Surplus for the period	95,375,592	-	-	95,375,592	1,223,410	94,152,182	
Capital expenditure							

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Mombasa County Assembly Members and staff Car Loan and Mortgage Fund is established by and derives its authority and accountability from PFM Act and regulations. The entity is wholly owned by the Mombasa County Government and is domiciled in Kenya. The entity's principal activity is source for funds and advance loans to members and staff as set out in the regulations and in compliance with PFM Act 2012.

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	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

	IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. 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.

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 15th April 2023. 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 no additional appropriations during the FY 2023-2024 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.

Summary of Significant Accounting Policies (Continued)

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 notes 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 properties are measured using the cost model and are depreciated over an -year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* 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.

Summary of Significant Accounting Policies (Continued)

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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* 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.

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.

Summary of Significant Accounting Policies (Continued)

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 entity 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 entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

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. *Entity to state the reserves maintained and appropriate policies adopted.*

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

The 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.

Summary of Significant Accounting Policies (Continued)

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.

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.

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.

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity'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.

State all judgements, estimates and assumptions made e.g.

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 Entity
- 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

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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	2023/2024	2022/2023
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023/2024	2022/2023
	KShs	KShs
Transfers From County Govt. –Operations	-	121,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	121,000,000

3. Fines, penalties and other levies

Description	2023/2024	2022/2023
	KShs	KShs
Late payment penalties		
Fines		
Total	-	-

4. Interest income

Description	2023/2024	2022/2023
	KShs	KShs
Interest Income from Mortgage Loans	3,959,418	1,169,302
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total interest income	3,959,418	1,169,302

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Notes to the Financial Statements Continued

5. Other income

Description	2023/2024	2022/2023
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Bad debts recovered		
Miscellaneous income	-	-
Total other income	-	-

6. Employee Costs

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

7. Use of Goods and Services

Description	2023/2024	2022/2023
	KShs	KShs
General Office Expenses		
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances	2,712,500	2,821,700
Bank Charges	23,508	40,730
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		
Postage And Courier		
Printing And Stationery		
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
IPPD Charges	-	1,557
Audit Fees		
Provision For Doubtful Debts		
Other (<i>Excise Tax</i>)	-	-
Social benefit expenses		
Total	2,736,008	2,863,987

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Notes to the Financial Statements Continued

8. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	KShs	KShs
Property Plant and Equipment		
Intangible Assets		
Total	-	-

9. Finance costs

Description	2023/2024	2022/2023
	KShs	KShs
Interest on bank overdrafts		
Interest on Loans from banks		
Total	-	-

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Notes to the Financial Statements Continued

10. Gain/(loss) on disposal of assets

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2023/2024	2022/2023
	KShs	KShs
Current account	21,701,807	20,335,169
Others-KDIC	2,400,686	2,400,686
Total cash and cash equivalents	24,102,493	22,735,855

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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:

		2023/2024	2022/2023
Financial institution	Account number	KShs	KShs
SBM Bank-KDIC		2,400,686	2,400,686
SBM Bank	0358099329001	583,250	185,636
Gulf Bank	0520000401	21,118,557	20,149,533
Sub- total		24,102,493	22,735,855
Grand total		24,102,493	22,735,855

13. Receivables from exchange transactions

Description	2023/2024	2022/2023
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	40,994,855	24,848,661
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	40,994,855	24,848,661
Non Current receivables		
Long term loan repayments due	89,744,089	107,862,822
Total Non current receivables		
Total receivables from exchange transactions	130,738,945	132,711,483

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023/2024	2022/2023
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		

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

14. Prepayments

Description	2023/2024	2022/2023
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

15. Inventories

Description	2023/2024	2022/2023
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023/2024	2022/2023
	Kshs	Kshs
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	-	-
Sub- total	-	-
Grand total		

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Movement of Equity Investments

Impairment allowance/ provision	2023/2024	2022/2023
	Kshs	Kshs
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

For investments in equity share listed above, list down the equity investments under the following categories:

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

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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 (Previous FY)					
Additions					
Disposals					
Transfers/Adjustments					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June (Current FY)					
Depreciation And Impairment					
At 1 st July (Previous FY)					
Depreciation					
Impairment					
At 30th June (Previous FY)					
At 1st July (Current FY)					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June (Current FY)					
Net Book Values					
At 30th June (Previous FY)					
At 30th June (Current FY)					

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2023/2024	2022/2023
	KShs	KShs
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	2023/2024	2022/2023
	Kshs	Kshs
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	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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	2023/2024	2022/2023		
	Kshs	Kshs		
Trade Payables				
Refundable Deposits				
Accrued Expenses				
Other Payables				
Total Trade and Other Payables				
Ageing analysis (Trade and other payables)	2023/2024	% of the Total	2022/2023	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total (tie to above total)				

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision
	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2020)	-	-	-
Additional Provisions	-	-	-
Provision utilised	-	-	-
Change due to discount and time value for money	-	-	-
Transfers from non -current provisions	-	-	-
Balance at the end of the year (30.06.2021)	-	-	-

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023/2024	2022/2023
	KShs	KShs
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 domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2023/2024	2022/2023
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'organisation'	-	-
Sterling Pound denominated loan from 'organisation'	-	-
Euro denominated loan from organisation'	-	-
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	2023/2024	2022/2023
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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
	KShs	KShs	KShs
Current benefit obligation	-	-	-
Non-current benefit obligation	-	-	-
Total employee benefits obligation	-	-	-

24. Social Benefit Liabilities

Description	2023/2024	2022/2023
	Kshs	Kshs
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)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

	2023/2024	2022/2023
	KShs	KShs
Surplus 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	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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

b) Related party transactions	2023/2024	2022/2023
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2023/2024	2022/2023
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023/2024	2022/2023
	KShs	KShs
Due from parent Ministry	-	-
Cummulative Due from County Government	7,384,277	226,384,277
Doubtful Receivable from Due from County Treasury	-	(219,000,000)
Total	7,384,277	7,384,277

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

	2023/2024	2022/2023
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent liabilities	2023/2024	2022/2023
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2023				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 entity has no significant concentration of credit risk on amounts due.

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	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June 2023				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Notes To The Financial Statements (Continued)

c) 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 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 carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
Liabilities			
Trade And Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes To The Financial Statements (Continued)

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
30 June 2024			
Euro	10%		
USD	10%		
30 June 2023			
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 (2024: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2023 – Kshs).

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

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 entity is a County Public Fund established by PFM Act. Its ultimate parent is the County Government of Mombasa.

31. Currency

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

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.

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)
1.	Other receivables from Exchange Transactions (Exchange Debtors) Defaulted loans Ksh.6,006,392	Legal proceedings ongoing to recover the loans.	Not resolved	Awaiting court timelines and direction.
2.	Trade and Other Payables From Exchange Transactions	a) Kshs.18million of unpaid tax has been settled in the FY 2021/22. Instructions have been issued to the bank to remit to KRA the balance of Kshs.8.4million. b) The supporting documents are in safe custody of SBM Bank who directly issued the loans of the defaulted Kshs6.4million loans.	Resolved	
3.	Car Grant Proceeds and Other Receivables from County Treasury	The Management has since requested for settlement of the same from the County Treasury.	Not Resolved	

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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)
4.	Inaccuracies in the Financial Statements	The variance of Kshs.42,239,935 relates to Car Grant payments to Members of the County Assembly which decimated the revolving fund from Kshs.100million to Kshs.57,760,065 since Car Grant payments were non-revolving in nature.	Not resolved	Management Committee
5.	Budgetary Control & Performance -underfunding / Under expenditure		Not Resolved	Management Committee
6.	Failure to jointly register property acquired through proceeds of the Fund	Registration process ongoing.	Not Resolved	Management Committee

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....

25/9/24

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024**

Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* 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 <i>[Insert name of beneficiary Fund]</i> as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 2024				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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

Head of Accountants department of beneficiary Fund:

Name *Paul M. Muthi* Sign *[Signature]* Date *25/09/2024*

**Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited 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
				Q1	Q2	Q3	Q4		
				-	-	-	-		
				-	-	-	-		
				-	-	-	-		
				-	-	-	-		
				-	-	-	-		

Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund
Audited Annual Report and Financial Statements for the Year ended June 30, 2024

Annex IV: Reporting on Disaster Management Expenditure

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