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REPORT

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COMMITTEE	_____
CLERK AT THE TABLE	Ms. MACHARIA

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**





NAIROBI CITY COUNTY ASSEMBLY
CAR LOAN AND MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	Error! Bookmark not defined.
2. FUND ADMINISTRATION COMMITTEE	Error! Bookmark not defined.
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	Error! Bookmark not defined.
4. MANAGEMENT TEAM	Error! Bookmark not defined.
5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT	Error! Bookmark not defined.
6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR	Error! Bookmark not defined.
7. CORPORATE GOVERNANCE STATEMENT	Error! Bookmark not defined.
8. MANAGEMENT DISCUSSION AND ANALYSIS	Error! Bookmark not defined.
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	Error! Bookmark not defined.
10. FUND ADMINISTRATION COMMITTEE	Error! Bookmark not defined.
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	Error! Bookmark not defined.
12. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR CAR LOAN AND MORTGAGE FUND/SCHEME	Error! Bookmark not defined.
13. FINANCIAL STATEMENTS	Error! Bookmark not defined.
14. NOTES TO THE FINANCIAL STATEMENTS ...	Error! Bookmark not defined.
15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	Error! Bookmark not defined.
16. APPENDIX I: INTER-ENTITY TRANSFERS	Error! Bookmark not defined.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Nairobi City County Assembly Car Loan & Mortgage Scheme Fund is established pursuant to the Salaries and Remuneration Circular no SRC/TS/WB/3/14 of 14th February 2014 and derives its authority and accountability from Section 116 of the Public Finance Management Act 2012. For proper management of the Fund and as advised by the Salaries and Remuneration Commission, the Nairobi City County Assembly adopted the *Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2017* to guide operationalization of the Fund. The Fund is wholly owned by the Nairobi City County Assembly and is domiciled in Kenya.

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

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

The Fund started operations on 1st July 2019 as a single fund administering Car Loan and Mortgage benefits for members and staff of the Nairobi City County Assembly. Prior to this date, the benefits were administered from two different funds namely Nairobi City County Assembly Car Loan Scheme Fund and Nairobi City County Assembly Mortgage Scheme Fund. These two funds were merged with effect from 1st July 2019. The merged Funds operate under the new Regulations namely; The Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. These Regulations were gazetted in July 2018 and came into force in Financial Year 2018/2019.

The Clerk of the County Assembly, being the Accounting Officer of the Assembly is the Administrator of the Fund.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

b) Principal Activities

The principal activity of the Fund is to facilitate financing of purchase of vehicles and, residential property, and/or renovation a residential property for use by the immediate members and staff of the County Assembly.

The fund's objective is to:

- (a) Purchase vehicles for Members and staff of the County Assembly
- (b) Purchase, development, renovation or repair of residential property.

c) Fund Administration Committee

Ref	Name	Position
1	HON. PETER WANYOIKE	Designated Chairman of the Committee
2	HON. ABDI HASSAN	Majority Leader
3	HON. MICHAEL OGADA	Minority Leader
4	HON. PAUL KADOS	Majority chief whip
5	HON. PETER IMWATOK	Minority Chief whip
6	HON.GEOFFREY MAJIWA	Deputy speaker
7	HON. MARY NJAMBI	Member
8	HON. BENSON MWANGI	Member
9	HON. WILFRED ODALO	Member
10	MR. BASIL RODGERS OMONDI	Member
11	MR. TITUS MUIRURI	Member
12	MS. CAROLINE KIDAMBA	Member
13	MS ADAH ONYANGO	Fund Manager/ Administrator

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

d) Key Management

Ref	Name	Position
1	Ms. Adah Onyango	Ag. Clerk Nairobi County Assembly (W.e.f. 7 th June 2021)
2	Mr. Edward O. Gichana	Clerk Nairobi County Assembly (W.e.f 23 rd July 2020 to 4 th June 2021)
3	Ms. Pauline Sarah Akuku	Deputy Clerk Administrative Services (W.e.f. April 2020 to July 2020)
4	Mr. Paul Kimani	Director Financial Services
5	Mr. Sammy Ndana	Principal Accountant
6	Mr. Fredrick Macharia	Ag. Principal Finance Planning Officer (W.e.f. 7 th June 2021)

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Ag Senior Internal Auditor	Mr. Kobia Araya

f) The Nairobi City County Assembly Headquarters

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

g) Fund Contacts

Telephone: (254) 703027000 0202776000
 E-mail: customerservice@co-opbank.co.ke

h) Fund Bankers

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

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

i) Independent Auditors

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

j) Principal Legal Adviser

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

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

2. BOARD OF TRUSTEES (NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD)

Ref	Name	Detail of qualification
1	HON. BENSON MUTURA-CHAIRPERSON	Bachelor's Degree Former Member of parliament. He has over 15 years' experience in leadership in public service.
2	HON. CHARLES THUO- VICE CHAIRPERSON	He has served in the previous Nairobi County Assembly as elected member. He has over 10 years' experience in leadership in public service.
3	HON. CATHERINE APIYO-MEMBER	He has served in the previous Nairobi County Assembly as nominated member. He has over 10 years' experience in leadership in public service.
4	DR. FATUMA AFFEY-MEMBER	PHD in Nursing Science Masters in Nursing studies Bachelors of physiology Diploma in community Health Nursing
5	MR. WILLIS OKELO-MEMBER	Bachelors in Mass Communication

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

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

The Nairobi City County Assembly, in cognizance of the vision and mission statements of Nairobi County Government – which are; *the City of choice to invest, live and work in and; To provide affordable, accessible and sustainable quality services, enhancing community participation and creating a secure climate for political, social and economic development through the commitment of a motivated and dedicated team* respectively – has developed its own vision, mission and strategic goals. The vision and mission statements of the County Assembly are as summarized below.

Vision, Mission, Strategic Goals and Objectives

To enable The Nairobi City County Assembly, deliver its mandate, the Assembly has developed the following vision and mission statements;

Vision

To be the most efficient and effective legislature in promoting good governance

Mission

To advance economic, social, cultural and political aspirations of the people of Nairobi City County through robust legislation, prudent oversight and responsive representation

Strategic Goals

Strategic Goal 1: A County Assembly that plays its triple role of legislation, oversight and representation effectively

Strategic Goal 2: Well governed and managed County Assembly with sufficient institutional capacity.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Legislation, Representation and Oversight	To facilitate members and staff of Nairobi City County Assembly with Mortgage benefits.	Increased efficient long term secured housing ownership plan for the MCA and staff.	mortgages applied for and approved by the Loans committee.	In FY 2020/2021, we have had a total payment of 98 mortgages paid out, out of which 16 (Sixteen) were a top ups and the rest were first, second and third phases of payment all amounting to a total of Ksh. 232,573,344.
Legislation, Representation and Oversight	To facilitate members and staff of Nairobi City County Assembly with car loan benefits.	Increased efficient transportation of both MCA and staff members as they carry out their duties.	car loan applied for and approved by the Loans committee.	In FY 2020/21 Period had an uptake of (11) Eleven Car Loan issued amounting to Ksh. 15,410,535.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

4. MANAGEMENT TEAM

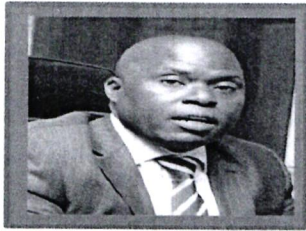


Ms. Adah Onyango

Ag. Clerk Nairobi County Assembly (For the month of June 2021, 4th Quarter)

Education: BA-Sociology and Psychology, Higher Diploma HRM

Year of Birth:1978



Mr. Edward O. Gichana

Clerk Nairobi County Assembly (For the month of July 2020-May 2021)

Education: MBA-Accounts, BCOM-Accounts, CPA(K)

Year of Birth:1974



Ms. Pauline Sarah Akuku

Deputy Clerk Administrative Services

Education: Master's Communication Studies, BA Journalism and Media Studies

Year of Birth:1977

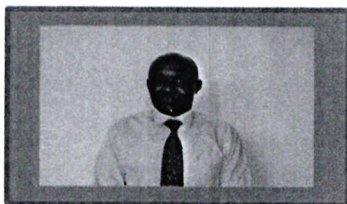


Mr. Paul Kimani

Director Financial Services

Education: MBA-Strategic Management, BCOM-Finance, CPA(K), (M)CIPS

Year of Birth: 1989

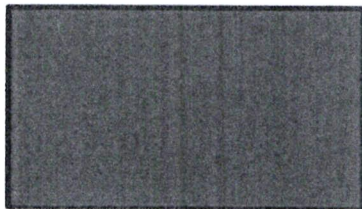


Mr. Sammy Ndana

Principal Accountant

Education: BBM-Finance and Banking, CPA(K)

Year of Birth: 1979



Mr. Fredrick Macharia

Ag. Principal Finance Officer

Education: CPA(K)

Year of Birth: 1973

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

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

For proper management of the Fund and as advised by the Salaries and Remuneration Commission, the Nairobi City County Assembly adopted the *Public Finance Management (Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2017* to guide operationalization of the Fund.

In the FY 2020/2021, the performance of the Nairobi City County Assembly Car Loan & Mortgage Scheme Fund has been of steady growth. This is evidenced by the increase in loan uptake by the staff members and with this interest earned by the fund also showed a marginal increase thus growth of the fund from Ksh 733M in FY 2019/2020 to Ksh 781M in FY 2020/2021.


In FY 2020/2021, we have had a total payment of 98 mortgages paid out, out of which 16 (Sixteen) were a top ups and the rest were first, second and third phases of payment all amounting to a total of Ksh. 232,573,344. In FY 2020/21 Period we have had an uptake of (11) Eleven Car Loans issued amounting to Ksh. 15,410,535.

Despite the turbulent Covid 19 period and administrative challenges faced in FY 2019/2020 and the beginning of FY 2020/2021, the fund is now on a path of balanced and steady growth. The fund seeks to attract more members to access the car loan and mortgage facilities, one of the key strategy to implement this is by having member's education forums whereby the applicants will be assisted to understand the benefits of the Fund and address any challenges that the members are faced with during the application processes.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

On behalf of the Loans Management Committee I wish to express confidence in the secretariat team that they will deliver on the Fund's core mandate and in particular would drive the following key strategic theme;

- Increase uptake of Car loan and mortgage facilities by the members of county assembly and staff.
- Ensure full compliance with the provisions of the Nairobi City County Assembly Car Loan and Mortgage Scheme Fund Regulations 2017

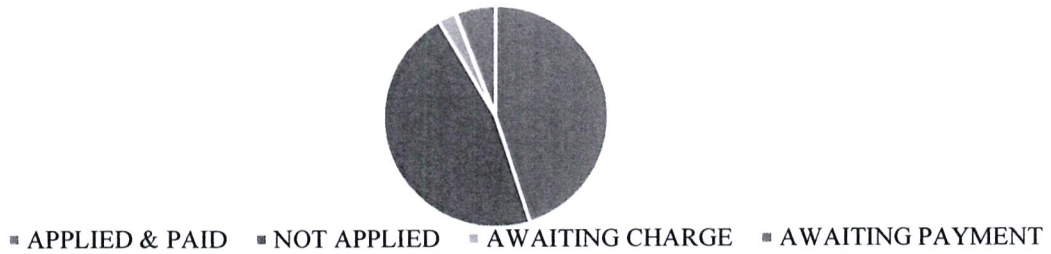
Signed:  _____ -

HON. BENSON MUTURA

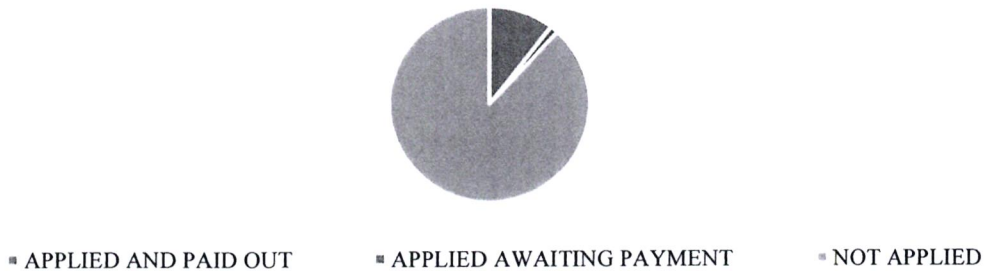
6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

On overall the Nairobi City County Assembly Car Loan & Mortgage Scheme Fund under the management grew from Ksh733M in June 2020 to Ksh 781M in June 2021. Comparing with the same period last year the interest grew by 10.3% up from Ksh18,151M to Ksh20,014M. The growth of the Fund can be attributed to improved compliance and gradual recovery of the fund operations after the previous year’s administrative challenges and also the prolonged COVID 19 pandemic effects.

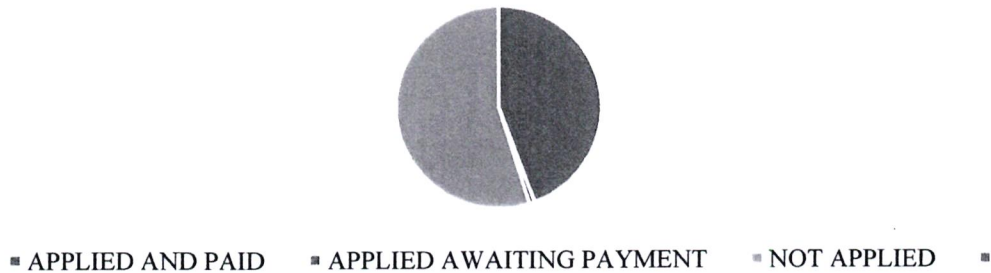
STAFF MORTGAGE ANALYSIS



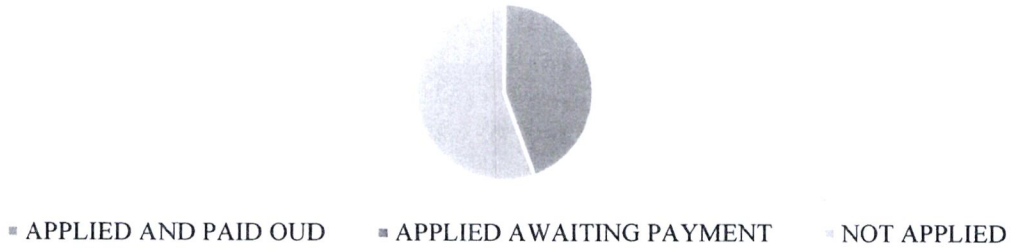
STAFF CAR LOAN ANALYSIS



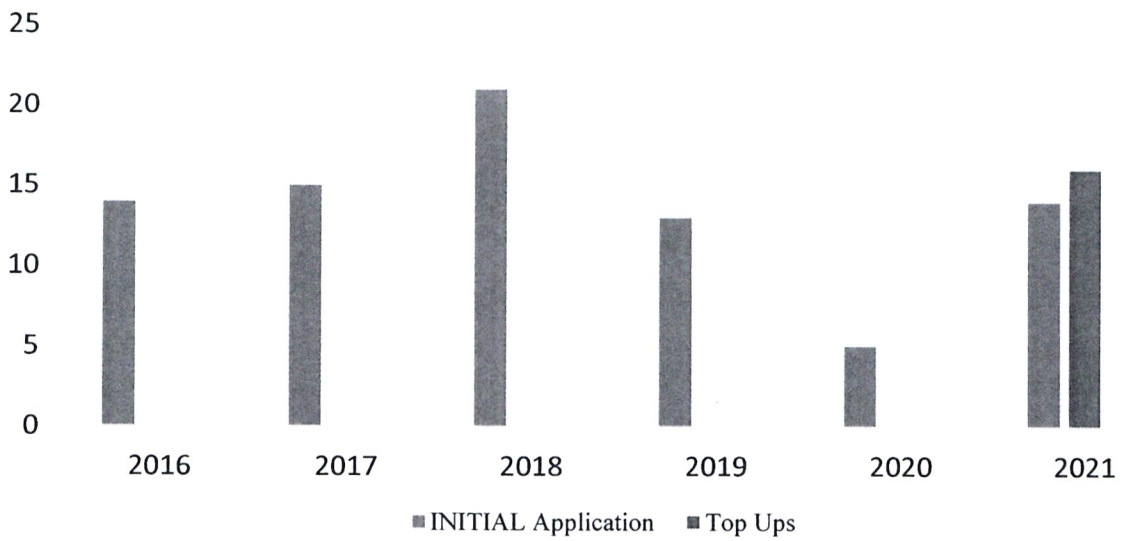
MCA MORTGAGE ANALYSIS



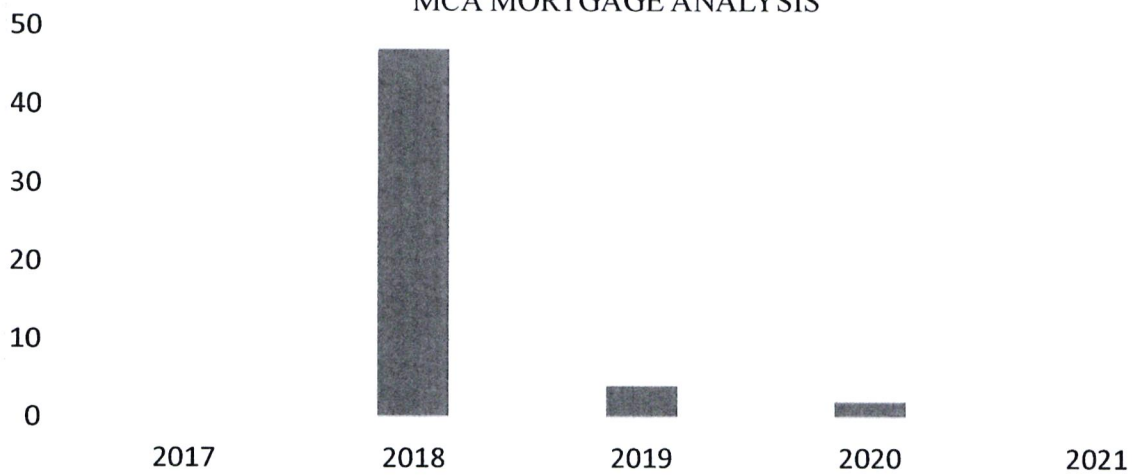
MCA's CAR LOAN ANALYSIS



STAFF MORTGAGE ANALYSIS

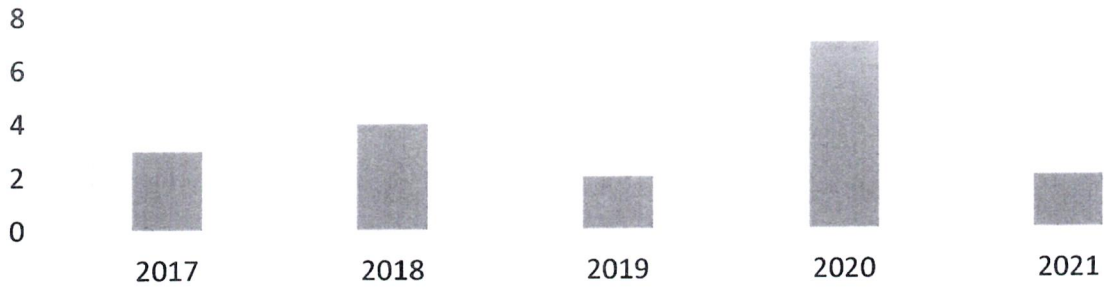


MCA MORTGAGE ANALYSIS

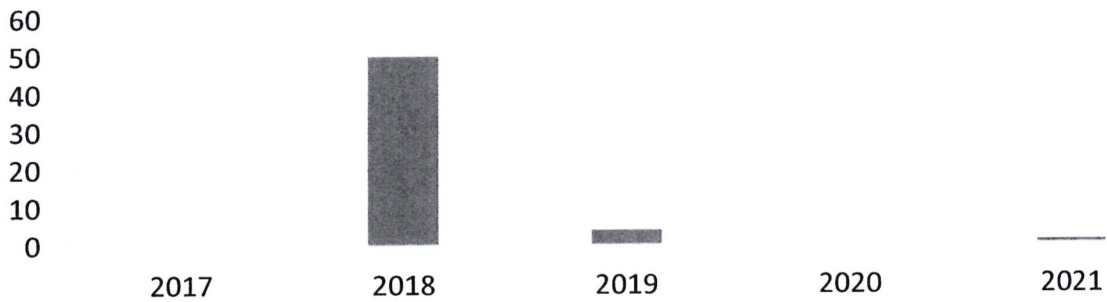


NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

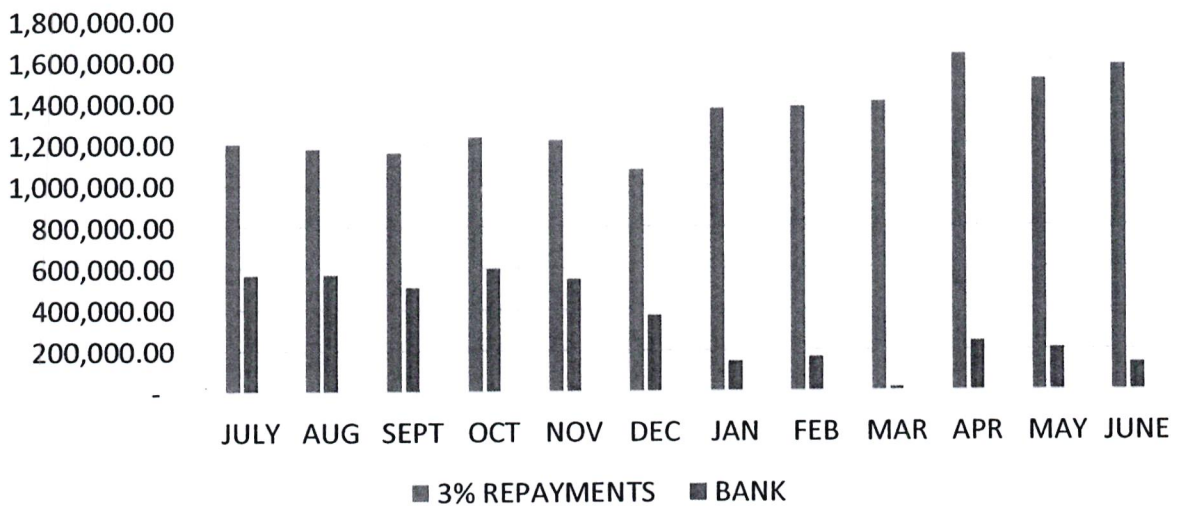
STAFF CAR LOAN ANALYSIS



MCA'S CAR LOAN ANALYSIS



INTEREST ANALYSIS FY 2020/2021



NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

In the FY 2020/2021 the Fund had a budget of Ksh 20.3 M to which Ksh 19.3M was the estimated expenditure for the financial year. We wish to report that as at June 2021 the expenditure was at Ksh 17.3M. In FY 2020/2021, we have had a total payment of 98 mortgages paid out, out of which 16 (Sixteen) were a top ups and the rest were first, second and third phases of payment all amounting to a total of Ksh. 232,573,344. In FY 2020/21 Period we have had an uptake of (11) Eleven Car Loan issued amounting to Ksh. 15,410,535.

With regard to the Fund operations in the third quarter FY2020/2021, the Fund Administrator was in receipt of a letter letter “COG/6/1/1A Vol.2 (62)” dated 3rd February 2021 from chairperson, Council of Governors to Salaries and Remuneration Commission (SRC) on Presidential Pronouncement on conversion of car loan for members of County Assembly and speaker into car grant. This was followed by adoption of the pronouncement by the Nairobi City County Assembly Service Board resolution in its meeting held on 15th February 2021.

In view of these measures as established by the Loans Management Committee in its 95th sitting of 10th February 2021, endorsed by the County Assembly Service Board under resolution; MIN.02/NCASB/10/FEB/2021 dated 10th February 2021, and approved by the County Executive Committee Member, Finance & Economic Planning CECM (FEP)AIE/06/2021 dated 11th February 2021. A total of 123 MCA’s were paid each Kshs. 2 Million during the FY2020/2021 in three phases of payment summing to a total of Kshs. 248 Million this after the funds were increased from the supplementary budget.

Appreciation

I wish to extend special thanks to the entire Board, Management, Members and Staff of the Nairobi City County Assembly for dedicating time and effort to see the Fund achieve its continued success. Specifically, I wish to thank the Loans Management Committee for the outstanding leadership, vision and direction. Finally, I wish to thank all our stakeholders for their confidence in the Nairobi City County Assembly.

Signed:  _____

Gavin R. Castro

7. CORPORATE GOVERNANCE STATEMENT

The Fund has been established pursuant to section 116 of Public Finance Management Act 2012. Pursuant to Subsection 9, the County Assembly adopted the Public Finance Management (*Nairobi City County Assembly Car Loan Scheme Fund*) Regulations 2014 and Public Finance Management (*Nairobi City County Assembly Mortgage Scheme Fund*) Regulations 2014. These Regulations were later appealed and replaced with Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. Currently the Fund operates under these Regulations of 2017.

The Fund started operations in June 2014 under the said Regulations, Public Finance Management (*Nairobi City County Assembly Car Loan Scheme Fund*) Regulations 2014 and Public Finance Management (*Nairobi City County Assembly Mortgage Scheme Fund*) Regulations 2014. Upon adoption of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017 the two Funds were merged and currently it operates under the merged Regulations which were gazetted in July 2018.

The Fund is established under the Nairobi City County Assembly Service Board as provided for under Regulation 3 of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. The Board has further delegated some of its functions to the Loans Management Committee as provided for under Regulation 6(1) of the Public Finance Management (*Nairobi City County Assembly Car Loan and Mortgage Scheme Fund*) Regulations 2017. The operations of the Fund are therefore managed by the said Loans Management Committee. Regulation 6 provides thus;

There is established committee to be known as the Loans Management Committee which shall comprise of:—

- (a) the Leader of the Majority Party, who shall be the chairperson;
- (b) the Leader of the Minority Party, who shall be the vice-chairperson;
- (c) the Majority Whip of the County Assembly;
- (d) the Minority Whip of the County Assembly;

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

- (e) four members of the county assembly nominated by the members of county assembly;
- (f) three members of staff of the County Assembly, elected by the staff of the County Assembly; and
- (g) the Clerk of the County Assembly who shall be the officer administering the Fund, an *ex-officio* member of the Committee and the secretary to the Committee.

Regulation 7 provides the functions of the committee which include;-

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

For purposes of providing assurance that the Funds operations are above board, the Fund is audited by the Auditor general every year. In addition to this there is quarterly financial reporting to the County Executive Committee Member for Finance and Economic Planning with copies to the Controller of Budget.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The car loan and mortgage committee submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are;

- (a) Purchase vehicles for Members and staff of the County Assembly
- (b) Purchase, development, renovation or repair of residential property.

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 25

10.3 Loans and Mortgage Committee Membership

The members of the committee who served during the year are shown on page 3. The changes in the Board during the financial year are as shown below:

- 1) Hon Geoffrey Majiwa - Deputy Speaker Nairobi City County Assembly
- 2) Hon John Nyumu Kamangu - Chair of Chairs, Nairobi City County Assembly

10.4 Auditors

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

By Order of the Board

Sign:  _____

GARVIN R. CASTRO

Secretary of the Board

Date: 16/02/2022

11. 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 *(The Fund should state the appropriate legislation establishing the Fund)* 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, 2021. 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 *(Nairobi City County Assembly Car Loan and Mortgage Scheme Fund) Regulations 2014)*. 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, 2021, 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.

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

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 16th Feb. 2022 and signed on its behalf by:

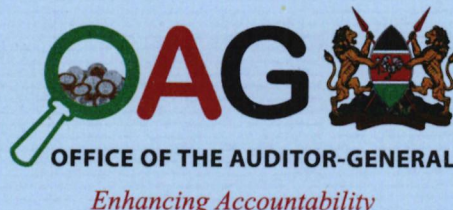


Gavin R. Castro

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

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 Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Adverse Opinion

I have audited the accompanying financial statements of Nairobi City County Assembly Car Loan and Mortgage Scheme Fund set out on pages 24 to 63, which comprise of the

Report of the Auditor-General on Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2021

statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Nairobi City County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccurate Transfers from the County Government

The statement of financial performance reflects transfers from County Government balance of Kshs.248,000,000. However, the County Assembly records reflected a balance of Kshs.246,000,000 resulting to an unreconciled variance of Kshs.2,000,000.

In the circumstances, the accuracy and completeness of the transfers from the County Government balance of Kshs.2,000,000 could not be confirmed.

2.0 Variance between Financial Statements and Supporting Schedule Balances

The financial statements reflect balances that are at variance with the supporting schedules as detailed below:

Particulars	Note	Financial Statement Balance (Kshs.)	Supporting Schedule Balance (Kshs.)	Variance (Kshs.)
Interest Income	4	19,801,000	20,014,000	(213,000)
Fund Administration Expenses	6	16,983,000	17,038,000	(55,000)
General Expenses	7	250,447,000	-	250,447,000
Cash and Cash Equivalents	10	136,546,000	76,203,495	60,342,505
Current Portion of Long Term Receivables from Exchange Transactions	11	89,719,000	-	89,719,000
Long Term Receivables from Exchange Transactions	11	582,531,000	570,531,000	12,000,000
Trade and Other Payables	17	74,400,000	-	74,400,000

In the circumstances, the accuracy of the balances reflected in the financial statements could not be confirmed.

3.0 Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2021 contained the following inaccuracies:

- 3.1 The statement of financial performance reflects a surplus of Kshs.371,000 whereas the statement of comparison of budget and actual amounts reflects a deficit of Kshs.1,629,000 resulting to an unreconciled variance of Kshs.2,000,000.
- 3.2 The statement of financial position reflects cash and cash equivalents balance of Kshs.136,546,000 whereas Note 10 to the financial statements reflects Kshs.135,346,000 resulting to an unreconciled variance of Kshs.1,200,000.
- 3.3 Note 11 to the financial statements reflects total receivables from exchange transactions balance of Kshs.746,649,000 that differs with the recasted balance of Kshs.672,250,000 resulting to an unreconciled variance of Kshs.74,399,000.
- 3.4 The statement of cash flow reflects proceeds from revolving fund receipts balance of Kshs.246,000,000 whereas as the revolving fund balance of Kshs.664,566,000 was constant during the year under review, resulting to an unreconciled variance of Kshs.246,000,000.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

4.0 Receivables from Exchange Transactions

The statement of financial position reflects current and long-term receivables from exchange transactions balances of Kshs.89,719,000 and Kshs.582,531,000 respectively. However, the detailed movement schedule showing the opening receivables balances, loans issued and repaid in the year to arrive at the closing balances were not provided for audit. In addition, the balance includes non performing loans of Kshs.33,870,086.

Consequently, the accuracy, completeness and recoverability of the reported receivables from exchange transactions balances could not be confirmed.

5.0 Failure to Provide a Trial Balance

The trial balance used to prepare the financial statements for year ended 30 June, 2021 was not provided for audit.

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

6.0 Unauthorized Over- Expenditure

The statement of comparison of budget and actual amounts reflects a total income final budget of Kshs.266,363,000 against actual receipts of Kshs.265,801,000 on a comparable basis resulting to an income shortfall of Kshs.562,000 or 0.21% of the budget. The statement also reflects a total expenditure final budget of Kshs.259,736,000 against

actual expenditure of Kshs.267,430,000 resulting to an unauthorized over expenditure of Kshs.7,694,000 or 3% of the budget.

In the circumstances, it was not possible to confirm whether the over expenditure of Kshs.7,694,000 was lawful.

7.0 Unsupported Expenditure

The statement of financial performance reflects fund administration expense balance of Kshs.16,983,000 out of which Kshs.11,419,822 was domestic travel and daily subsistence allowances and sitting allowances in respect of retreats for the Loans Management Committee. However, the imprest surrender vouchers, committee meeting minutes and approved list of committee members in support of the balance were not provided for audit.

In the circumstances, the propriety and accuracy of the fund administration expenses balance of Kshs.11,419,822 for the year ended 30 June, 2021 could not be confirmed.

8.0 Irregularities on Payment of Car Grant

The statement of financial performance reflects general expenses balance of Kshs.250,447,000. Included in the balance is Kshs.248,000,000 incurred on car grants to the Speaker and one hundred and twenty-two (122) Members of the County Assembly at the rate of Kshs.4,000,000 and Kshs.2,000,000 respectively. However, the outstanding balance of Kshs.51,029,038 against the Members loan accounts as at 30 March, 2021 were not recovered in full thereby negating the objective of the grant.

Further, Pay As You Earn Tax chargeable on the grant amount of Kshs.248,000,000 at the rate of thirty percent (30%) amounting to Kshs.74,400,000 was not recovered and remitted to Kenya Revenue Authority in accordance with the provisions of Income Tax Act (Cap 470) thus exposing the Fund to additional taxes and penalties.

In the circumstances, the Fund Management was in breach of the law.

9. Undisclosed Prior Year Audit Matters

Various prior year audit issues have not been disclosed in these financial statements as at 30 June, 2021 under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

In the circumstances, the Fund Management did not comply with the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi City County Assembly Car Loan and Mortgage Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis of Adverse Opinion section of my report based on the procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 July, 2022

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.

	Note	2020/2021	2019/2020
		KShs000	KShs000
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	248,000	-
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	19,801	18,151
Other income	5	-	-
Total revenue		267,801	18,151
Expenses			
Fund administration expenses	6	16,983	3,111
General expenses	7	250,447	25
Finance costs	8	-	-
Total expenses		267,430	3,136
Other gains/losses			
Gain/loss on disposal of assets	9		
Surplus for the period		371	15,015

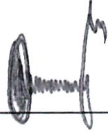
NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs000	KShs000
Assets			
Current assets			
Cash and cash equivalents	10	136,546	188,294
Current portion of long- term receivables from exchange transactions	11	89,719	91,022
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		225,064	279,316
Non-current assets			
Long term receivables from exchange transactions	11	582,531	402,633
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		-	-
Total assets		807,595	681,949
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	74,400	2,368
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
Non-current liabilities			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities		74,400	2,368
Net assets			
Revolving Fund		664,566	664,566
Reserves		-	-
Accumulated surplus		68,628	15,015
Total net assets and liabilities		807,595	681,949

NAIROBI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021.

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 16th Feb. 2022 and signed by:



Administrator of the Fund
Gavin R. Castro



Fund Accountant:
Name: F. M. Mwangi
ICPAK Member Number: 3928

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
	Kshs 000	KShs 000	KShs 000	KShs 000
Balance as at 1 July 2018	640,000	-	41,325	681,325
Surplus/(deficit) for the period	-	-	11,917	11,917
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	640,000	-	53,242	693,242
Balance as at 1 July 2019	640,000	-	53,536	693,536
Surplus/(deficit) for the period	24,566	-	15,015	34,290
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	664,566	-	68,257	732,823
Balance as at 1 July 2020	664,566	-	68,257	732,823
Surplus/(deficit) for the period		-	371	371
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2021	664,566	-	68,628	733,194

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments: Applicable: 1 st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	<i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i>

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	248,000	-
Interest received	4	19,801	18,151
Receipts from other operating activities		-	-
Total Receipts		267,801	18,151
Payments			
Fund administration expenses	6	(16,983)	(3,111)
General expenses	7	(250,447)	25
Finance cost	8	-	-
Total Payments		(267,430)	(3,136)
Net cash flows from operating activities		371	15,015
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		116,978	26,950
Loan & grant disbursements paid out		(416,297)	(36,436)
Net cash flows used in investing activities		(299,319)	(17,898)
Cash flows from financing activities			
Proceeds from revolving fund receipts		246,0000	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(52,948)	(455)
Cash and cash equivalents at 1 July	10	188,294	188,749
Cash and cash equivalents at 30 June	10	135,346	188,294

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2021	2021	2021	2021	2021
Revenue	KShs000	KShs000	KShs000	KShs000	
Public contributions and donations					
Transfers from County Govt.	-	246,000	246,000	246,000	0%
Interest income	20,363	-	20,363	19,801	-2.8%
Other income		-	-	-	-
Total income	20,363	246,000	266,363	265,801	-0.20%
Expenses					
Fund administration expenses	12,236	-	12,236	16,983	27%
General expenses	1,500	246,000	247,500	250,447	0.37%
Finance cost	-		-		
Total expenditure	13,736	-	259,736	267,430	2.8%
Surplus for the period	6,627	-	6,627	(1,629)	

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p>

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

3. 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.

4. Budget information

The original budget for FY 2020/2021 was approved by the Loans Management Committee and CEC Finance & Economic Planning on 28th September 2020.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

5. 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.

2. 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.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

4. 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.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5. 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

6. 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.*

7. 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.

8. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

9. 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.

10. 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.

11. 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/Trustee, the Fund Managers and Fund Accountant.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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 Cooperative Bank, City Hall Branch, at the end of the financial year.

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Public Fund established by the Public Finance Management Act of 2015. Its ultimate parent is the County Government Acts.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. 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.

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:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Note 18

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

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.

18. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Total amount ('000)KSh	Fully performing ('000)KSh	Past due ('000)KSh	Impaired ('000)KSh
At 30 June 2021				
Receivables from exchange transactions	672,249	-	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

Receivables from non-exchange transactions	-	-	-	-
Bank balances	39,980	-	-	-
Total	712,229	-	-	-
At 30 June 2020				
Receivables from exchange transactions	590,927	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	188,294	-	-	-
Total	779,221	-	-	-

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

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 significant concentration of credit risk on amounts due from Members and staff of Nairobi City County Assembly.

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.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	74,400	74,400
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	74,400	74,400
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (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.

d) 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.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

		Other currencies	Total
	KShs('00 0)	KShs('000)	KShs('000)
At 30 June 2021			
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.

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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 19,999 (2021: KShs 19,801). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 19,058 (2020 – KShs 18,151)

f) 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:

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Revaluation reserve	-	-
Revolving fund	664,566	664,566
Accumulated surplus	68,628	68,257
Total funds	733,194	732,823
Total borrowings	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Transfers from County Govt. – operations	248,000	-
Payments by County on behalf of the entity	-	-
Total	248,000	-

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

4. Interest income

Description	2020/2021	2019/2020
	KShs('000)	KShs ('000)
Interest income from Mortgage loans	13,713	9,449
Interest income from car loans	2,018	2,520
Interest income from investments	-	-
Interest income on bank deposits	4,070	6,181
Total interest income	19,801	18,151

- The interest income from both mortgage and car loan is charges at 3% on the outstanding loan balances. It reflects interest earned in the whole Financial Year.

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
Total other income	-	-

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	16,983	3,111
Total	16,983	3,111

6A. Staff costs

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	2,210	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	237	25
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	248,000	-
Total	250,447	25

8. Finance costs

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Car loan & Mortgage Account	135,346	188,294
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	-	-
Total cash and cash equivalents	135,546	188,294

- The Nairobi City County Assembly Car loan and Mortgage Account being one merged account, as at 30th June 2021 the bank balance was Ksh. 39,980,124.

Detailed analysis of the bank balances were as follows:

Financial institution	Account number	2020/2021	2019/2020
		KShs('000)	KShs('000)
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits		-	-
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account		-	-
Kenya Commercial bank		-	-
COOP Bank(City Hall Branch)	01141232417504	39,980	188,006
Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		39,980	188,006

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Current Receivables		
Interest receivable	-	6,181
Current loan repayments due	87,719	84,841
Other exchange debtors	2,000	-
Less: impairment allowance	-	-
Total Current receivables	89,719	91,022
Non-Current receivables		
Long term loan repayments due	582,531	402,633
Total Non- current receivables	582,531	402,633
Total receivables from exchange transactions	746,649	493,655

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs('000	KShs('000)
))
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Transfer from County Executive	-	-
Transfer from County Fund	-	-
Total receivables from non-exchange transactions	-	-

13. Prepayments

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify) (<i>Total Car loan Pre-Payments</i>)	-	-
Total	-	-

14. Inventories

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs('000)	KShs('000)	KShs('000)	KShs('000)	KShs
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1 st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs('000)	KShs('000)	KShs('000)	KShs('000)	KShs
At 30th June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 30th June 2021	-	-	-	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Trade payables	74,400	-
Refundable deposits	-	-
Accrued expenses	-	2,368
Other payables	-	-
Total trade and other payables	74,400	2,368

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	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)	-	-	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2020/2021	2019/2020
	KShs('000)	KShs('000)
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2020/2021	2019/2020
	KShs('000)	KShs('000)
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	2020/2021	2019/2020
	KShs('000)	KShs('000)
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs('000)	KShs('000)	KShs('000)	KShs('000)
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

21. Cash generated from operations

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

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

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. 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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021

d) Due from related parties

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

	2020/2021	2019/2020
	KShs('000)	KShs('000)
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs('000)	KShs('000)
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

**NAIRONI CITY COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2021**

**15. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)

Guidance Notes:

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