

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**

Revised 30th June 2022



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Table of Content

1.	Key Entity Information and Management	iii
2.	The Board of Trustees (or any other governing body for the Fund)	vi
3.	Management Team	viii
4.	Board/Fund Chairperson's Report	xi
5.	Report of The Fund Administrator	xii
6.	Statement of Performance Against the County Fund's Predetermined Objectives	xiv
7.	Corporate Governance Statement	xvi
8.	Management Discussion and Analysis	xix
9.	Environmental and Sustainability Reporting	xx
10.	Report of The Trustees	xxi
11.	Statement of Management's Responsibilities	xxii
12.	Report of The Independent Auditor	xxiv
13.	Statement of Financial Performance For The Year Ended 30th June 2022	1
14.	Statement of Financial Position As At 30 June 2022	2
15.	Statement Of Changes in Net Assets for the year ended 30 th June 2022	3
16.	Statement Of Cash Flows For The Year Ended 30 June 2022	4
17.	Statement Of Comparison Of Budget And Actual Amounts For The Period	5
18.	Notes to the Financial Statements	6
19.	Progress On Follow Up Of Prior Year Auditor's Recommendations	38

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Entity Information and Management

a) Background information

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

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

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

b) Principal Activities

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

c) Fund Administration Committee

Ref	Position	Name
1	Chairperson	Salim Juma Mwalimu
2	Member	Hon.Athman Rama Mwamiri
3	Member	Hon.Maimuna Salim Mwawasi
4	Member	Clara Wonge Mwachoki
5	Member	Penina Mwikali James
6	Member	Reuben Newton Masumbuko
7	Member	Paul Mutungi Mulila
8	Member	Abdalla Ali Abeid
9	Member	Alfred Jilo Kidai
10	Member	Christine Aqua Mududa

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

d) Key Management

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

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

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

g) Fund Contacts

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

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. SBM Bank (K) Ltd
Old Town Branch
Mombasa
Kenya

3. Gulf African Bank
Bondeni Branch
Mombasa
Kenya

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

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

2. The Board of Trustees





Name	Details of qualifications and experience
<p>1. Trustee 1</p> 	<p>Hon. Aharub Ebrahim Khatri <i>Speaker of the Assembly, Chairman-County Assembly Service Board</i></p> <p><u>Qualifications and experience</u> Current political leader of the Second County Assembly of Mombasa.</p>
<p>2. Trustee 2</p> 	<p>Salim Juma Mwalimu <i>County Assembly Clerk, Secretary</i></p> <p><u>Qualifications and experience</u> Holder of Master's Business Administration-Strategic Management. He has extensive 25 years working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>3. Trustee 3</p> 	<p>Hon. Maimuna Salim Mwawasi <i>Member of County Assembly, Member</i></p> <p><u>Qualifications and experience</u> Currently the elected Member of County Assembly representing Shanzu Ward for a second consecutive term. She has vast experience in public service spanning over a 20year period.</p>
<p>4. Trustee 4</p> 	<p>Hon. Murfad Abdalla Amur <i>Member of County Assembly, Member</i></p> <p><u>Qualifications and experience</u> Currently the elected Member of County Assembly representing Mjiwa Kale/Kizingo Ward for a second consecutive term. He has vast experience in public service spanning over a 20year period.</p>

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**





<p>5. Fourth Member</p> 	<p>Swabir Masoud Abdalla <i>External Member</i></p> <p><u>Qualifications and experience</u> Holder of a Master’s Degree in Business Administration. He has a rich background in educational achievements and a vast experience serving in various senior positions in the public and private sectors.</p>
<p>6. Fifth Member</p> 	<p>Lynette Kissaka Khamadi <i>External Member</i></p> <p><u>Qualifications and experience</u> Holder of Master’s Business Administration Degree-Strategic Management. She has a rich background in educational achievements and a vast experience serving in various senior positions in the public and private sectors.</p>

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**



3. Management Team

Name	Details of qualifications and experience
<p>1. Salim Juma Mwalimu</p> 	<p>Salim Juma Mwalimu <i>Fund Administrator</i> <i>County Assembly Clerk</i></p> <p><u>Qualifications and experience</u> Holder of Master's Business Administration-Strategic Management. He has extensive 25 years working experience in the public service rising through the ranks to senior and top management positions.</p>
<p>2. Hon. Athman Rama Mwamwiri</p> 	<p>Hon. Athman Rama Mwamwiri <i>Member of County Assembly</i></p> <p><u>Qualifications and experience</u> Elected Member of the County Assembly representing the Likoni Ward. Has experience in public service spanning over a 4year period.</p>
<p>3. Hon. Maimuna Salim Mwawasi</p> 	<p>Hon. Maimuna Salim Mwawasi <i>Member of County Assembly</i></p> <p><u>Qualifications and experience</u> Currently the elected Member of County Assembly representing Shanzu Ward for a second consecutive term. Has vast experience in public service spanning over a 20year period.</p>
<p>4. Clara Wonge Mwachoki</p> 	<p>Clara Wonge Mwachoki <i>Director Human Resources and Administration</i></p> <p><u>Qualifications and experience</u> Holder of Master's Business Administration Degree-Strategic Management. Member of the Institute of Human Resource Management, IHRM. She has 25 years of experience in the public service rising through the ranks to senior leadership positions.</p>

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

<p>9. Alfred Jilo Kidai</p> 	<p>Alfred Jilo Kidai <i>Senior Fiscal Analyst</i></p> <p><u>Qualifications and experience</u> Holder of Bachelor's Degree in Commerce (Finance) and a certified Financial Modelling and Valuation Analyst (FMVA®). Has 15 years' experience serving in various senior positions in the public and private sectors.</p>
<p>10. Christine Aqua Mududa</p> 	<p>Christine Aqua Mududa <i>Senior Legal Counsel</i></p> <p><u>Qualifications and experience</u> Advocate of the High Court of Kenya. A Certified Public Secretary, CPS(K). Has over 7 years experience serving in a senior position in the public and private sector.</p>
<p>Note: The only changes in the Fund during the year (in terms of the board or key management team) arose through the replacement of Bernard Luke Ogola with Alfred Jilo Kidai.</p>	

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

4. Board/Fund Chairperson's Report


The Chairperson of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Car Loan and Mortgage Fund for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Chairperson accepts responsibility for the Fund's financial statements, which have been prepared on the Accrual Basis of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Chairperson is of the opinion that the County Assembly's Car Loan and Mortgage Fund's financial statements give a true and fair view of the state of the Fund's transactions for the year ended June 30, 2022 and of its financial position as at that date. The Chairperson further confirms the completeness of the accounting records maintained for Fund which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Assembly of Mombasa Car Loan and Mortgage Fund audited financial statements were approved and signed by the Fund Chairperson on **September 12 2022**.

Signed: 
Salim Juma Mwalimu

Fund Chairperson.

Mombasa County Assembly Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of The Fund Administrator

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

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

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

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

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

The then County Assembly Service board had signed an MOU with Chase Bank Iman to disburse loans to all Members of the first Assembly who had applied and qualified for loans based on one third rule (1/3rd). Further, the MOU between the County Assembly of Mombasa and Chase Bank had provided for the fund to be shored up to KSh.220 million by disbursing in instalments of KSh.20 Million each over the ensuing ten (10) months to Chase Bank from County Treasury to build the fund to a sum of KSh.220 Million. These disbursements were however not effected during the life of the First Assembly, thus the revolving fund stood at KSh.20 Million for all the financial years to 2018-2019. This notwithstanding, Chase Bank Iman went ahead to operationalize the MOU and disbursed loans amounting to KSh.104 Million to Members of the first Assembly. The balances of un-repaid and owed to County Assembly of Mombasa from this arrangement amount to KSh.6,437,367 as per the list herein appended.

Hon MUNYIKA KarisaNzai	959,719.95
Hon KAI Beatrice Santa	1,710,513.95
Hon HAMISI Saada Rajab (deceased)	2,010,585.75
Hon.ZUBERI Amina Rajab (deceased)	1,756,546.65
TOTAL	6,437,366.90


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

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Balance available at SBM Bank at the beginning of the Financial year was KSh.13,305,943. During the year under review, the fund earned KSh.141,406 worth of interest income net of taxes, mortgage loans worth KSh.2.5 Million were disbursed, SBM Bank recovered debt owed by MCA's of the First Assembly amounting to KSh.6,471,867 while KSh.228.900 was utilized to settle administration and bank charges expenditure, closing balance as at 30 June 2022 was KSh.4,246,582.

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

The final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the 2021-2022 financial year was KSh.100 million. Further, KSh.30 million was disbursed to the appointed Fund bankers, Gulf African Bank during the year under review. The fund therefore experienced a shortfall of KSh.70 million, representing a 70% shortfall.

Signed: 

Salim Juma Mwalimu

FUND ADMINISTRATOR

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Introduction

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

The key objectives of the County Assembly of Mombasa Car Loan & Mortgage Fund for the year ended 30th June 2022 plan are to:

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

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the FY2021-2022 was KSh.100 million, with the same expected to be availed by the County Treasury during the year under review. However, only KSh.30million was disbursed to the appointed Fund bankers, Gulf African Bank during the year 2021-2022. The fund therefore experienced a shortfall of KSh.70million, representing a 70% shortfall.

The 70% shortfall hampered the achievement of the FY2021/22 plan of issuing loans to members of Staff of the County Assembly of Mombasa ALL Members of the County Assembly had benefited from Mortgage Loans and car grants.

Going forward, we envisage this scenario of non issue of Loans to Members of staff to improve given that four (4) members of staff benefitted in FY2021-2022

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loans and Mortgages	To provide funds for granting car loans and mortgages to Members of the County Assembly and employees of the County Assembly as may be prescribed from time to time by the Salaries and Remuneration Commission.	Increased number of Members of the County Assembly and employees of the County Assembly accessing personal cars and residential property ownership	% of Members of the County Assembly and employees of the County Assembly owning personal cars and residential properties in the County Assembly	In FY 20/22 One eligible Members of County Assembly benefitted from car grant while four(4)members of staff successfully applied for mortgage loans and were duly granted the same
Car Grants	To provide funds for granting car grants to Members of the County Assembly as may be prescribed from time to time by the SRC.	Increased number of Members of the County Assembly accessing or converting existing car loans to grants and ownership therein	100 % of Members of the County Assembly own personal cars and existing car loans were fully converted to car grants in the County Assembly	Performance 100% for the MCA's

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

The Fund Administration Committee was established by the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018. During the financial year 2021-2022, the Committee held 74 meetings with attendance as guided by the Regulations in form of quorum. The Regulations allow for a maximum of eight (8) meetings and a minimum of two (2) meetings each month. The determinant of the frequency of these meetings being matters and agendas related to the objectives of the Fund.

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

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

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

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

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

The Committee has succeeded in processing loans and Car grant applications for ALL Members of the Second County Assembly between the financial year 2020-2021 and 2021-2022.

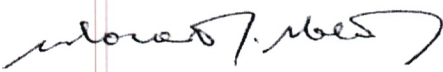
Further, loans paid out to Members of County Assembly have all been recovered through payroll. The processing of applications and running of affairs of the fund was done in a series of meetings with member's attendance and performance highlighted in the table below.

Name	Number of meetings participated	Participation (%)	Membership
Salim Juma Mwalimu	74/74	100%	Chair
Hon.Athman Rama Mwamwiri	63/74	85.1%	Member
Hon.Maimuna Salim Mwawasi	32/74	43.2%	Member
Clara Wonge Mwachoki	74/74	100%	Member
Penina Mwikali James	56/74	75.7%	Member
Reuben Newton Masumbuko	56/74	75.7%	Member
Paul Mutungi Mulila	74/74	100%	Member
Abdalla Ali Abeid	56/74	75.7%	Member
Alfred Jilo Kidai	35/74	47.3%	Member
Christine Aqua Mududa	38/74	51.4%	Member

Currently, there is no formal provision for induction and training of the Administration Committee though need for the same to be formally gazetted has been noted for the future. The Regulations are also being checked for amendments to address the matter of conflict of interest. The issues of board remuneration are adequately addressed by the Salaries and Remuneration Commission which provides for allowances payable for task forces, boards and committees. The Committee has therefore been complying with the provisions of the SRC circular on remuneration of members to committees as this.

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

Signed: 

Salim Juma Mwalimu

FUND ADMINISTRATOR

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

8. Management Discussion and Analysis

The Financial Statements cover the period from July 1 2021, to June 30 2022 and account for KSh.130Million; KSh.20 Million directly disbursed by County Government of Mombasa during the First Assembly of 2013-2018, KSh.50 Million was disbursed from County Assembly of Mombasa's Central Bank account during the 2019-2020, KSh.30 Million was disbursed in 2020-2021 Financial year while KSh.30 Million was disbursed from County Assembly of Mombasa's Central Bank account to the Fund's Gulf African Bank account during the 2021-2022 financial year.

It is worthwhile to note that of the KSh.130 Million being accounted for, KSh.88 Million was converted to Car grant with only KSh.42 Million being available for the revolving fund aspect. Further, the KSh.20 Million Fund created during the First Assembly had loads of administrative difficulties and has since gone into dormancy, at SBM Bank, Old Town Branch. Balance available at SBM Bank at the beginning of the Financial year was KSh.13.3Million. During the year under review, the fund earned KSh.141,406 worth of interest income net of taxes, mortgage loans worth Kshs.2.5 Million were disbursed, SBM Bank recovered debt owed by MCA's of the First Assembly of KSh.6,471,867 while KSh.228,900 was utilized to settle administrative and bank charges expenditure, with the closing bank balance being KSh.4,246,582 as at 30th June 2022.

Further, the KSh. 30 Million disbursed/received during FY 2021-2022 was wired to Gulf African Bank, Bondeni branch. The said amount was ostensibly obtained to benefit members of the Second Assembly in terms of Car grant, whose life ended in 9th August year 2022.


Total funds available at Gulf African Bank during the year under review amounted to KSh.48,514,782 (Kshs.30 Million from County Assembly of Mombasa's Central Bank account while KSh.13.3 Million was recovered from members while Kshs.5 Million was the opening Gulf account balance for FT2021-2022).

Of the KSh.48.5Million available at Gulf bank during year 2021-2022, KSh.19.4 Million was utilized to settle car grant dues, KSh.15.5 Million disbursed as mortgage loans, while KSh.3.8Million was utilised in administrative and finance costs, and KSh.9.8 Million was the balance of the Funds held at Gulf African Banks' Cash Book account as at 30 June 2022.

The Final budget for the County Assembly of Mombasa Car Loan & Mortgage Fund during the 2021-2022 financial year was KSh.100 Million. Of the said budget, KSh.30 Million was disbursed to the Fund bankers, Gulf African Bank, during the year under review. The fund therefore faced a shortfall of KSh.70 Million, representing a 70% shortfall.

This shortfall notwithstanding, all members of the Second Assembly have fully benefitted from Car grants and mortgages during the financial year under review as well as in the previous financial year. Also, members of the Second Assembly who applied for mortgages have been granted the same.

Going forward, the Committee resolved to consider loan applications from all eligible members of staff so as to benefit from the existing funding level as we envisage a top up to the desired and budgeted level of KSh.220 million.


Member of the Committee

Date: _____

9. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations-

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

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

c) Responsible marketing and advertisement-

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

d) Product stewardship-

None in place currently

5. Community Engagements-

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

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

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

Performance

The results of the Fund for the year ended June 30, 2022 are set out from page 25 to page 29 and supported by notes from page 41 onwards.

Trustees

The members of the Board of Trustee /Administration Committee who served during the year are shown on pages vi, vii, viii, ix and x respectively. Changes that occurred in the Board during the financial year 2021-2022 saw Alfred Jilo Kidai take the place of Bernard Luke Ogola.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Fund for the year/period ended June 30, 2022. By Order of the Committee.



Chair of the Board/Fund Administration Committee

Date:

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 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 Mombasa County Assembly Car Loan and Mortgage Fund regulations enacted and published under Kenya Gazette Supplement N0.2 of 27th March 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Assembly of Mombasa Regulations 2018. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, 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.

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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.

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 12th September 2022 and signed on its behalf by:

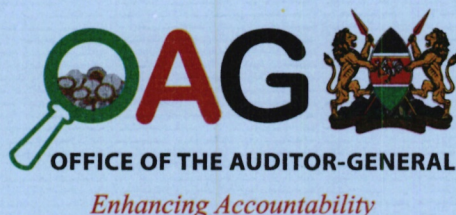


Name: Salim Juma Mwalimu

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 COUNTY ASSEMBLY OF MOMBASA CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2022

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

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Mombasa Car Loan and Mortgage Fund set out on pages 1 to 39, which comprise the statement of

Report of the Auditor-General on County Assembly of Mombasa Car Loan and Mortgage Fund for the year ended 30 June, 2022

financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mombasa County Assembly Car Loan and Mortgage Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Mombasa County Assembly Members and Staff Car Loan and Mortgage Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects revolving fund balance of Kshs.46,124,584 and capital reserves balance of Kshs.137,884,965, while the statement of changes in net assets reflects Kshs.130,000,000 and nil balance respectively. The variances of Kshs.83,875,416 and Kshs.137,884,965 for the revolving fund and capital reserves respectively have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed as at 30 June, 2022.

2. Doubtful Receivable from the County Treasury

The statement of financial position reflects receivables from the County Treasury of Kshs.147,384,277 which comprise prior years' balances of Kshs.77,384,277 and the current year's balance of Kshs.70,000,000. The balances relate to car grants and other receivables from the County Treasury. However, evidence to confirm that the long outstanding receivables will be received by the Fund has not been provided for audit.

In the circumstances, the collectability of receivables balance of Kshs.77,384,277 could not be confirmed.

3. Revolving Fund Balance

The statement of financial position reflects revolving fund amount of Kshs.57,760,065 as comparative amount. However, Note 26 to the financial statements reflects a balance of Kshs. 44,060,280 thus resulting in unexplained variance of Kshs. 13,699,785.

In the circumstances, the accuracy and completeness of the revolving fund balance could not be confirmed as at 30 June, 2022.

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

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.104,033,512 and realized amount of Kshs.32,188,431, representing 30% of the budget. Similarly, during the year under review, the Fund had a total expenditure budget of Kshs.102,159,320 against actual expenditure of Kshs.41,445,543, representing about 41% of the approved expenditure budget, resulting in under absorption of the budget by Kshs.60,713,777 or 59%.

The under-realization of revenue and the under absorption of expenditure budget indicates that the Fund did not achieve the intended objectives in the year under review.

2. Unresolved Prior Year Issues

Various prior year audit issues remained unresolved as at 30 June, 2022. The Management has not indicated the actions taken in resolving the prior year issues and the timelines for doing so under the progress on follow up of prior year auditor's recommendations in the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Register a Charge on Mortgage

Records provided for audit review indicated that the Management of Mombasa County Assembly Car Loan and Mortgage Fund gave out mortgages of Kshs.18,000,000 to staff in the financial year 2021/2022. However, the title deeds provided as collateral had no registered charge or encumbrance on the property.

As a result, the Fund risks losing funds loaned out in case of default by borrowers.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Trustees

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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

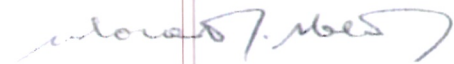
01 March, 2023

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

13. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Assembly of Mombasa	2	30,000,000	30,000,000.00
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	2,188,431	2,169,874
Other income	5	-	48,846
Total revenue		32,188,431	32,218,721
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	4,045,543	4,206,640
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Principal Loan Payments	34	-	800,000.00
Car grant disbursements paid out	36	19,400,000	42,239,935
Total Expenses		23,445,543	47,246,575
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		8,742,888	(15,027,854)

The notes set out on pages 47 onwards form an integral part of these Financial Statements



Name: Salim Juma Mwalimu
Administrator of the Fund




Name: Paul Mulila
Fund Accountant
ICPAK Member N0:5971

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

14. Statement of Financial Position As At 30 June 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	14,040,531	18,474,255
Current portion of long term receivables from exchange transactions	12	9,440,198	18,189,981
Prepayments	13	-	-
Inventories	14	-	-
Receivable from County Treasury	31	147,384,277	77,384,277
		170,865,006	114,048,513
Non-current assets			
Long term receivables from exchange transactions	12	15,259,577	11,767
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		15,259,577	11,767
Total assets		186,124,583	114,060,279
Liabilities			
Current liabilities			
Trade and other payables from exchange transaction	17	8,400,000	32,884,063
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		8,400,000	32,884,063
Revolving Fund	26	46,124,584	57,760,065
Reserves	28	137,884,965	38,444,005
Accumulated surplus		(6,284,966)	(15,027,854)
Total net assets and liabilities		186,124,583	114,060,279

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 12th September 2022 and signed by:


Administrator of the Fund
Name: Salim Juma Mwalimu


Fund Accountant
Name: Paul Mutungu Mulila
ICPAK Member N0:5971

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

15. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2020	70,000,000	-		70,000,000
Surplus/(deficit) for the period	0		(15,027,854)	(15,027,854)
Funds received during the year	30,000,000	-	-	30,000,000
Revaluation gain		-		0
Balance as at 30 June 2021	100,000,000	-	(15,027,854)	84,972,146
Balance as at 1 July 2021	100,000,000	-	(15,027,854)	84,972,146
Surplus/(deficit) for the period	0	-	8,742,888	8,742,888
Funds received during the year	30,000,000	-	-	30,000,000
Balance as at 30 June 2022	130,000,000	-	(6,284,966)	123,715,034



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

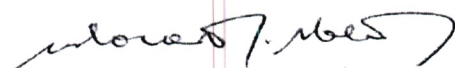


**Name: Paul Mutungi Mulila
Fund Accountant
ICPAK Member N0:5971**

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

16. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government(COB)	2	30,000,000	30,000,000.00
Interest received	4	2,188,431	2,169,874
Receipts from other operating activities	5	-	48,846
Total Receipts		32,188,431	32,218,721
Payments			
Fund administration expenses	7	-	4,163,450
General expenses	7	4,045,543	43,190
Finance Costs	9	-	-
Total Payments		4,045,543	4,206,640
Net cash flows from operating activities		28,142,888	28,012,081
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	35	11,295,254	17,932,624
Loan disbursements paid out	34	(18,000,000)	(800,000)
Car grant disbursements paid out	36	(19,400,000)	(42,239,933)
Net cash flows used in investing activities		(26,104,746)	(25,107,309)
Cash flows from financing activities			
Proceeds from revolving fund receipts(Receivable from County Treasury)		-	-
Additional borrowings		-	-
Repayment of borrowings(SBM Bank Debt)	33	(6,471,867)	-
Net cash flows used in financing activities		(6,471,867)	-
Net increase/(decrease) in cash and cash equivalents		(4,433,725)	2,904,772
Cash and cash equivalents at 1 JULY 2021		18,474,255	15,569,483
Cash and cash equivalents at 30 JUNE 2022		14,040,531	18,474,255



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



**Name: Paul Mutungi Mulila
Fund Accountant
ICPAK Member N0:5971**

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	FY2021/2022	FY2021/2022	FY2021/2022	FY2021/2022	FY2021/2022	
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	
Transfers from County Assembly.	100,000,000	-	100,000,000	30,000,000	70,000,000	30.00
Interest income	4,033,512	-	4,033,512	2,188,431	1,845,081	54.26
Other income	-	-	-	-	0	
Total income	104,033,512	0	104,033,512	32,188,431	71,845,081	
Expenses/Payments						
Principal Loan Payments/Disbursements	-	-	-	-	0	0.00
Car Loan/grant Payments/Disbursements	98,100,000	-	98,100,000	37,400,000	60,700,000	0.38
Fund administration expenses	1,927,000	-	1,927,000	- 2,103,800	4,030,800	-109.17
Staff costs	-	-	-	-	-	
General expenses	2,104,200	-	2,104,200	2,103,800	400	99.98
Bank & other Charges/Finance Costs	28,120	-	28,120	4,045,543	(4,017,423)	14386.91
Total Payments/expenditure	102,159,320	0	102,159,320	41,445,543	60,713,777	
Surplus for the period	1,874,192	0	1,874,192	(9,257,112)	11,131,304	

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

The Mombasa County Assembly Car Loan and Mortgage Fund is established by and derives its authority and accountability from County Assembly Members & Staff Car Loan Regulations 2018. The Fund is wholly owned by the Mombasa County Government and is domiciled in Kenya.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</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>

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<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>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<p>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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 27th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2021-2022 budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) 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.

e) Financial instruments

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.

Summary Of Significant Accounting Policies (Continued)

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 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)

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.

Summary Of Significant Accounting Policies (Continued)

f) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

g) 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.

Summary Of 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.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Summary Of Significant Accounting Policies (Continued)

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by the County Assembly Members & Staff Car Loan Regulations 2018. Its ultimate parent is the County Government of Mombasa.

r) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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

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

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021/2022	2020/2021
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Assembly

Description	2021/2022	2020/2021
	KShs	KShs
Transfers from County Assembly of Mombasa	-	-
Payments By County On Behalf Of The Entity		
Transfers from County Assembly of Mombasa-Grant	30,000,000	30,000,000
Total	30,000,000	30,000,000

3. Fines, penalties and other levies

Description	2021/2022	2020/2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021/2022	2020/2021
	KShs	KShs
Interest income from mortgage loans & car loans	2,047,025	1,883,508
Interest income from Investments		
Interest income on bank deposits	141,406	286,366
Total interest income	2,188,431	2,169,874

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

5. Other income

Description	2021/2022	2020/2021
	KShs	KShs
Insurance recoveries	-	48,846
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	48,846

6. Employee Costs

Description	2021/2022	2020/2021
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other (<i>Specify</i>)		
Total	-	-

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

7. Use of Goods and Services

Description	2021/2022	2020/2021
	KShs	KShs
General Office Expenses		
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances	4,021,300	4,163,450
Bank Charges	11,890	13,730
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		
Postage And Courier		
Printing And Stationery		
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
IPPD Charges	10,503	27,900
Audit Fees		
Provision For Doubtful Debts		
Other (<i>Excise Tax</i>)	1,850	1,560
Total	4,045,543	4,206,640

8. Depreciation and Amortization Expense

Description	2021/2022	2020/2021
	KShs	KShs
Property Plant and Equipment		
Intangible Assets		
Total	-	-

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

9. Finance costs

Description	2021/2022	2020/2021
	KShs	KShs
Interest on bank overdrafts		
Interest on Loans from banks		
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021/2022	2020/2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2021/2022	2020/2021
	KShs	KShs
County Assembly of Mombasa Car Loan Account		
County Assembly of Mombasa Mortgage Account		
Fixed deposits account	-	3,984,906
On – call deposits		
Current account	11,639,845	11,588,663
Others-KDIC	2,400,686	2,900,686
Total cash and cash equivalents	14,040,531	18,474,255

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

Financial institution	Account number	2021/2022	2020/2021
		KShs	KShs
a) Fixed deposits account			
SBM Bank	0358099329001	4,246,582	13,305,943
Gulf Bank	0520000401	9,793,949	5,168,313
Sub- total		14,040,531	18,474,255
Grand total		14,040,531	18,474,255

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

12. Receivables from exchange transactions

Description	2021/2022	2020/2021
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	3,002,832	11,705,918
Other exchange debtors	6,437,366	6,484,063
Less: impairment allowance	-	-
Total Current receivables	9,440,198	18,189,981
Non Current receivables		
Long term loan repayments due	15,259,577	11,767
Total Non current receivables	15,259,577	11,767
Total receivables from exchange transactions	24,699,776	18,201,748

Additional disclosure on interest receivable

Description	2021/2022	2020/2021
Interest receivable		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
Current loan repayments due		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year		

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

13. Prepayments

Description	2021/2022	2020/2021
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2021/2022	2020/2021
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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	KShs	KShs	KShs	KShs
At 1 st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2020	-	-	-	-	-
At 1 st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 th June 2019	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2020	-	-	-	-	-
At 1 st July 2020	-	-	-	-	-

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-
Net book values					
At 30 th June 2020	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to The Financial Statements (Continued)

16. Intangible assets

Description	2021/2022	2020/2021
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021/2022	2020/2021
	KShs	KShs
Trade payables	0	6,484,063
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	8,400,000	26,400,000
Total trade and other payables	8,400,000	32,884,063

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)	-	-	-	-

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to The Financial Statements (Continued)

19. Borrowings

Description	2021/2022	2020/2021
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

Description	2021/2022	2020/2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'other organisation'	-	-
Sterling Pound denominated loan from 'other organisation'	-	-
Euro denominated loan from 'other 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	2021/2022	2020/2021
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021/2022	2020/2021
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

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

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures

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) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021/2022	2020/2021
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2021/2022	2020/2021
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021/2022	2020/2021
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	147,384,277	77,384,277
Due from County Assembly	-	-
Total	147,384,277	77,384,277

e) Due to related parties

	2021/2022	2020/2021
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Other Disclosures (Continued)

23. Contingent assets and contingent liabilities

Contingent liabilities	2021/2022	2020/2021
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

24. REVOLVING FUND MOVEMENT ANALYSIS

	2021/2022	FY2020/2021
Opening Balance {TB}	161,306,854	69,968,800
Opening Balance Adjustment FY2020-2021 IN FY2021-22	(5,663,238)	(11,540,927)
Transfers / Loan Payments from County Assembly	30,000,000	30,000,000.00
Loan Repayments from Members	13,342,279	19,816,132
Other Income/Repayments from Members	-	48,846
Principal Loan Payments	(18,000,000)	(800,000)
Car grant Payments from County Assembly	(19,400,000)	(42,239,935)
TOTAL REVOLVING FUND MOVMT	161,585,895	65,252,917

25. REVOLVING FUND BALANCE MOVEMENT

	FY2021/2022	FY2021/2022
Opening Balance	58,427,873	70,000,000
Transfers from County Assembly	30,000,000	30,000,000
Car Grant Paid	(19,400,000)	(42,239,935)
Non Revolving Expenditure	(4,045,543)	
NET FUNDING TO REVOLVING FUND	64,982,330	57,760,065

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Other Disclosures (Continued)

26. REVOLVING FUND BALANCE

	FY2021/2022	FY2021/2022
CASH & CASH EQUIVALENTS	14,040,531	18,474,255
RECEIVABLE From Loan beneficiaries	24,699,776	18,201,748
Receivable from County Treasury bfwd 1ST Assembly	7,384,277	7,384,277
TOTAL FUNDING TO REVOLVING FUND	46,124,584	44,060,280

27. REVALUATION ADJUSTMENT

	FY2021/2022	FY2020/2021
Total assets FY 2020-2021(Financial Position)	186,124,583	114,060,279
Changes in Net Assets Balance as at 1 July 2020		
Surplus/(deficit) for the period		
Funds received during the year	(30,000,000)	(32,010,137)
Receivable from County Treasury bfwd 1ST Assembly	(7,384,277)	(7,384,277)
Trade Payables Adjustments	0	(6,484,063)
REVALUATION ADJUSTMENT FY2020-2021	148,740,307	68,181,803

28. ADJUSTMENT TO RESERVES

	FY2021/2022	FY2020/2021
Total Assets FY2021-22	186,124,583	114,060,279
Total Liabilities FY2021-22	(8,400,000)	(32,884,063)
Revolving Fund FY2021-22	(46,124,584)	(57,760,065)
Accumulated Surplus FY2021-22	6,284,966	15,053,206
Adjustment to Reserves FY2021-2022	137,884,965	38,469,357

29. LOAN STATUS (2ND ASSEMBLY)

	FY2021/2022	FY2020/2021
PRINCIPAL LOAN ISSUED	29,752,186	47,818,958
LOAN INTEREST	1,852,503	1,681,300
LOAN REPAYMENTS GULF	(13,342,279)	(19,816,132)
LOAN RECOVERIES FROM CAR GRANT DUES GULF	0	(17,960,065)
LOAN BALANCE 2ND ASSEMBLY	18,262,409	11,724,061

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Other Disclosures (Continued)

30. DUE FROM COUNTY TREASURY CURRENT FINANCIAL YEAR

	FY2021/2022	FY2020/2021
BUDGET FOR THE YEAR	100,000,000	100,000,000
FUNDS RECEIVED	(30,000,000)	(30,000,000)
CAR GRANT FUNDS RECEIVED	0	0
DUE FROM COUNTY TREASURY CURRENT YEAR	70,000,000	70,000,000

31. DUE FROM COUNTY TREASURY (CUMMULATIVE)

	FY2021/2022	FY2020/2021
OPENING BALANCE	77,384,277	7,384,277
BUDGET FOR THE YEAR	100,000,000	100,000,000
FUNDS RECEIVED	(30,000,000)	(30,000,000)
CUMMULATIVE RECEIVABLE FROM COUNTY TREASURY	147,384,277	77,384,277

32. CAR GRANT TAX LIABILITY DUE CURRENT FINANCIAL YEAR

	FY2021/2022	FY2020/2021
CAR GRANT TAX LIABILITY FOR THE YEAR	26,400,000	88,000,000
CAR GRANT TAX LIABILITY PAID DURING THE YEAR	(18,000,000)	(61,600,000)
CAR GRANT TAX LIABILITY DUE CURRENT FINANCIAL YEAR	8,400,000	26,400,000

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Other Disclosures (Continued)

33. ADJUSTMENTS

OPENING BALANCE ADJUSTMENT WORKINGS	FY2021/2022	FY2020/2021
Opening Fund Balance FY2021-2022		
MOMBASA COUNTY ASSEMBLY TREASURY(EXCHEQUER)	30,000,000	30,000,000
INTEREST INCOME	2,188,431	2,169,874
OTHER INCOME-LOAN RECOVERIES	13,342,279	37,776,197
OTHER INCOME-INSURANCE RECOVERIES	0	48,846
Payables	8,400,000	32,884,063
Loan disbursements	(18,000,000)	(800,000)
Car grant disbursements	(19,400,000)	(42,239,935)
Fund administration expenses	(4,021,300)	(4,163,450)
1st Assembly Loans repaid to SBM bank	(6,471,867)	
Bank & other Charges/Finance Costs	(24,243)	(43,190)
Bank Balances	(14,040,531)	(18,474,255)
Receivable from County	(147,384,277)	(77,384,277)
Receivable from Members	(24,699,776)	(18,201,748)
Opening Fund Balance	(180,111,283)	(58,427,873)

34. PRINCIPAL LOAN PAYMENTS

	FY2021/2022	FY2020/2021
LOANS DISBURSED	18,000,000	800,000
TOTAL LOANS DISBURSED	18,000,000	800,000

35. PRINCIPAL LOAN REPAYMENTS

	FY2021/2022	FY2020/2021
TOTAL LOAN REPAYMENTS	13,342,279	37,776,197
INTEREST ACCRUAL	(2,188,431)	(2,169,874)
TOTAL LOAN REPAYMENTS	11,153,849	35,606,323

36. CAR GRANT PAYMENTS

	FY2021/2022	FY2021/2022
CAR GRANT PAID	19,400,000	42,239,935
TOTAL CAR GRANT PAYMENTS	19,400,000	42,239,935

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures (Continued)

34. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non Exchange Transactions				
Bank Balances				
Total				

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

The entity has no significant concentration of credit risk.

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June 2021				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

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.

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

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

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

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

		Other currencies	Total
	Kshs	Kshs	Kshs
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.

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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
2022			
Euro	10%		
USD	10%		
2021			
Euro	10%		
USD	10%		

ii. Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs148,787 (2021: KShs146,137). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs437,144 {2021 – (KShs751,393)}.

Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

19. 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)
1.	Other receivables from Exchange Transactions (Exchange Debtors) Defaulted loans Ksh.6,484,063	Legal proceedings ongoing to recover the loans.	Not resolved	Awaiting court timelines and direction.
2.	Trade and Other Payables From Exchange Transactions	a) Kshs.18million of unpaid tax has been settled in the FY 2021/22. Instructions have been issued to the bank to remit to KRA the balance of Kshs.8.4million. b) The supporting documents are in safe custody of SBM Bank who directly issued the loans of the defaulted Kshs6.4million loans.	Resolved	
3.	Car Grant Proceeds and Other Receivables from County Treasury	The Management has since requested for settlement of the same from the County Treasury.	Not Resolved	

**Mombasa County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.	Inaccuracies in the Financial Statements	The variance of Kshs.42,239,935 relates to Car Grant payments to Members of the County Assembly which decimated the revolving fund from Kshs.100million to Kshs.57,760,065 since Car Grant payments were non-revolving in nature.	Not resolved	Management Committee
5.	Budgetary Control & Performance -underfunding / Under expenditure		Not Resolved	Management Committee
6.	Failure to jointly register property acquired through proceeds of the Fund	Registration process ongoing.	Not Resolved	Management Committee

Guidance Notes:

- 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.