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REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT – SECOND SESSION

THE NATIONAL ASSEMBLY

SPECIAL FUNDS ACCOUNTS COMMITTEE

THIRD REPORT
ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS FOR THE LOCAL AUTHORITIES PROVIDENT
FUND FOR THE 2019/2020 TO 2021/2022 FINANCIAL YEARS

THE NATIONAL ASSEMBLY PAPER 101	
DATE:	24 AUG 2023 Thursday
TABLED	Hon. Fatuma Mohammed, MP Chairperson.
CLERK-AT- THE-TABLE:	A. Shibuska

Directorate of Audit, Appropriations, and Other Select Committees
National Assembly
Parliament Building
NAIROBI



CHAIRPERSON'S FOREWORD

Hon. Speaker, on behalf of the Special Funds Accounts Committee and under Standing Order 199, it is my pleasant duty and honor to present to the House the report of the Committee on audited financial statements for the Local Authorities Provident Fund for the financial years 2019/2020 to 2021/2022.

Oversight over national revenue and expenditure is amongst the roles of the National Assembly as stipulated under Article 95 (4) (c) of the Constitution of Kenya, 2010. Further, Article 226 of the CoK provides that an Act of Parliament shall provide for the designation of an Accounting Officer in every public entity at the national level who is accountable to the National Assembly for its financial management. In addition, Article 229(8) mandates this House to debate and take appropriate action on audit reports from the Auditor-General.

In fulfilment of these constitutional provisions, the National Assembly established various Committees to examine reports of the Auditor-General to ascertain whether public funds are utilized in a lawful, authorized, effective, efficient, economical, and transparent manner. The Special Funds Accounts Committee, which was established in the Fifth Session of the Eleventh Parliament following the review of the National Assembly's Standing Orders, is one of these Committees.

The Committee received oral and written submissions from Mr. Bernard Mbogoh, Ag. Chief Executive Officer, Local Authorities Provident Fund which formed the basis of its observations, findings and recommendations. These are also contained in the Minutes and Hansard Reports of Committee proceedings.

Hon. Speaker, I wish to express appreciation to the Honourable Members of the Committee, the Office of the Speaker, and the Clerk of the National Assembly, the Parliamentary Liaison Offices of the Auditor-General and the National Treasury and the Committee Secretariat for facilitating the Committee in the production of this report.



HON. FATUMA ZAINAB MOHAMMED, M.P.
CHAIRPERSON, SPECIAL FUNDS ACCOUNTS COMMITTEE

LIST OF ABBREVIATIONS AND ACRONYMS

CoK	-	Constitution of Kenya, 2010
CRA	-	Commission on Revenue Allocation
FY	-	Financial Year
MDAs	-	Ministries, Departments and Agencies
PFM	-	Public Finance Management
OAG	-	Office of the Auditor-General
LPO	-	Local Purchase Order
CRB	-	Credit Reference Bureau
PSASB	-	Public Sector Accounting Standards Board
EACC	-	Ethics and Anti-Corruption Commission

1.0 PREFACE

1.1 Establishment and Mandate of Special Funds Accounts Committee

- 1) The Special Funds Accounts Committee is one of the six Watchdog Committees of the National Assembly established under Standing Order 205. It is mandated to examine the reports of the Auditor General on the following:
- i) *Funds established by statute or by subsidiary legislation, except Funds under Standing Order 205B (Decentralized Funds Accounts Committee)*
 - ii) *The Equalization Fund;*
 - iii) *The Equalization Fund Advisory Board;*
 - iv) *The Political Parties Fund; and*
 - v) *Other funds as may be communicated by the Honorable Speaker*
 - vi)

1.2 Committee Membership

1. The Committee comprises the following members:

S/N	Name	Constituency	Party
1	Hon. Fatuma Zainab Mohammed, MP (Chairperson)	Migori (CWR)	Independent
2	Hon. Dawood Abdul Rahim, HSC, MP (Vice Chairperson)	North Imenti	Independent
3	Hon. Faith Wairimu Gitau, MP	Nyandarua (CWR)	UDA
4	Hon. Charles Ngusya Nguna	Mwingi West	Wiper
5	Hon. Dr. Christine Ombaka Oduor, MP	Siaya (CWR)	ODM
6	Hon. Erastus Kivasu Nzioka, MP	Mbooni	Wiper
7	Hon. Eve Akinyi Obara, MP	Kabondo Kasipul	ODM
8	Hon. Joseph Majimbo Kalasinga, MP	Kabuchai	FORD-K
9	Hon. Tom Mboya Odege, MP	Nyatike	ODM
10	Hon. Catherine Nakhabi Omanyoo, MP	Busia (CWR)	ODM
11	Hon. Cecilia Asinyen Ngigit, MP	Turkana (CWR)	UDA
12	Hon. Erick Kahugu Wamumbi, MP	Mathira	UDA
13	Hon. Joseph Kimutai Cherorot, MP	Kipkelion East	UDA
14	Hon. Joshua Odongo Oron, MP	Kisumu Central	ODM
15	Hon. Paul Kibichi Biego, MP	Chesumei	UDA

1.3 Committee Secretariat

2) The Secretariat facilitating the Committee comprises the following staff:

S/N	NAME	DESIGNATION
1	Mr. Leonard Machira	Senior Clerk Assistant
2.	Ms. Comfort Achieng	Clerk Assistant III
3	Mr. Silvanus Makau	Clerk Assistant III
4	Mr. Robert Ngetich	Fiscal Analyst II
5	Ms. Judith Kanyoko	Legal Counsel II
6	Ms. Bevaline Mosoti	Research Officer III
7	Mr. Geoffrey Kwatamba	Media Relations Officer III
8	Ms. Pauline Sifuna	Hansard Officer III
9	Ms. Maryam Gabow	Public Communications Officer III
10	Mr. Peter Mutethia	Hansard Audio Officer III
11	Mr. Benard Omondi	Serjeant At Arms

2.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

- 3) During the examination of the audited reports, the Committee made the following general observations and recommendations:

2.1 Long-Term Receivables from Exchange Transactions

- 4) The Local Authorities Provident Fund had long-term receivables balance of Kshs.11,972,660,000 as at 30 June 2020 which resulted from non-remittance and delayed remittance of contributions by County Governments and the defunct local authorities. The Fund has instituted various measures to recover the balances including sending demand letters; Filing recovery proceedings in Court; seeking the assistance of Retirement Benefits Authority (RBA), Office of the Controller of Budget; as well as negotiating for settlement of the arrears.
- 5) The Committee recommends that:
- i) **The Accounting Officer should continue pursuing the recovery of the long-term receivables of Kshs.11,972,660,000;**
 - ii) **The Accounting Officer should fast track the engagements with the Retirement Benefits Authority (RBA) and the Controller of Budget to enforce the submission of pension money by the Counties to the Fund ;**
 - iii) **The Accounting Officer should fast track the negotiations on the settlement of historical arrears with the Counties;**
 - iv) **Within three (6) months of adoption of this report, the Accounting Officer should submit the status report of the unremitted contributions from Counties and recoveries made to the Auditor General for audit verification; and**
 - v) **The Accounting Officer to exercise caution and confirm ownership status of properties offered by County Governments before asset debt swap arrangements are agreed upon.**

2.2 Unrecovered Rent

- 6) To settle the long-term debt owed to the Local Authorities Provident Fund by the County of Nairobi and Kisumu, the Counties offered properties to the Fund in an asset debt swap arrangement. After the transfer of the properties, the Counties continued collecting rent which should have gone to the Fund amounting to Kshs.64,800,000 for Nairobi County and Kshs.11,979,000 for Kisumu County.

7) The Committee, therefore, recommends that:

Within six (6) months of the adoption of this report, the Accounting Officer should engage the County Government of Kisumu and the County Government of Nairobi to explore the mechanism of recovery of the unremitted funds as well as ensuring prompt payment of future contributions and submit the report of the engagements to the National Assembly.

3.0 EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE LOCAL AUTHORITIES PROVIDENT FUND FOR THE FINANCIAL YEARS 2019/2020, 2020/2021 AND 2021 /2022

8) Mr. Bernard Mbogoh, Ag. Chief Executive Officer, Local Authorities Provident Fund, appeared before the Committee on 20th June, 2023 to adduce evidence on the audited financial statements for the Local Authorities Provident Fund for the Financial Years 2019/2020, 2020/2021 and 2021 /2022. The minutes of the Committee sitting, and submissions tabled by the Accounting Officer are annexed to this report. The Accounting officer was accompanied by:

1. Ms. Veronicah Leseya Owende - Chief Manager Strategy, Human Resource, Information Communication Technology and Compliance
2. Mr. Erick Otieno - Coordinator Financial Reporting and Investment
3. Ms. Chemashack Ndiwa - Manager Finance and Investment

And submitted as follows:

3.1 Financial Years 2019/2020

1. Long-Term Receivables from Exchange Transactions

- 9) As disclosed in Note 18 to the financial statements, the statement of financial position reflects long term receivables from exchange transactions balance of Kshs.11,972,660,000; (2019: Kshs.7,323,268,000;) The balance comprises of gross contributions due before provisioning from County Governments, Water Companies and Other companies of Kshs.23,167,670,285, Kshs.2,600,415,624, and Kshs.59,162,681 respectively.
- 10) Although adjustments have been made for the likely impairment for the long outstanding contributions by way of doubtful debts provisions, Management has not aggressively pursued the collection of the receivables. This occasioned an upward increase on the long overdue contributions by Kshs.9,767,122,000 from Kshs.7,323,268,000 as at 30 June, 2019 to Kshs.11,972,660,000 as at 30 June, 2020. Management should put in place mechanisms for the full recovery of long-term receivables.\

Submissions by the Accounting Officer

- 11) The Accounting Officer submitted that the Fund was affected by non-remittance and delayed remittance of contributions by County Governments and their predecessors, the defunct local authorities. He informed the Committee that the following steps had been taken to recover the long-term receivables balance:
- i. Sending demand letters to the sponsors;

- ii. Undertaking reconciliations to agree on the outstanding debts. 90% of the debts from sponsors have been reconciled;
- iii. Sending reports to the Retirement Benefits Authority (RBA) as the regulator to assist in enforcement of remittances of statutory contributions to LAPFUND;
- iv. Seeking assistance from the Office of the Controller of Budget to enforce submission of pension money by the Counties to LAPFUND once the funds are released.
- v. Negotiating for settlement of the arrears; and
- vi. Filing recovery proceedings in Court.

12) He also stated that:

- i. Most of the debts were historical and were from the defunct Local Authorities;
- ii. The current collection has since improved to 90% of the expected contributions; and
- iii. Counties that are unable to remit their arrears offered properties to the Fund in an asset swap arrangement.

13) The Accounting Officer committed to continue pursuing the unremitted contributions of Kshs.47 billion from County Governments and Kshs.7 billion from the defunct Local Authorities.

Observations and Findings of the Committee

14) The Committee observed that:

- i. The long-term receivables balance of Kshs.11,972,660,000 as at 30 June 2020 resulted from non-remittance and delayed remittance of contributions by County Governments and the defunct local authorities;
- ii. The Fund has instituted various measures to recover the balances including: sending demand letters; Filing recovery proceedings in Court; seeking the assistance of Retirement Benefits Authority (RBA), Office of the Controller of Budget; as well as negotiating for settlement of the arrears; and
- iii. Some Counties which were unable to remit their arrears (contributions due) offered properties to the Fund in an asset debt swap arrangement; and
- iv. The matter remained unresolved.

Recommendations of the Committee

15) The Committee recommends that:

- i) The Accounting Officer should continue pursuing the recovery of the long-term receivables of Kshs.11,972,660,000;**
- ii) The Accounting Officer should fast-track the engagements with the Retirement Benefits Authority (RBA) and the Controller of Budget to enforce the submission of pension money by the Counties to the Fund;**
- iii) The Accounting Officer should fast-track the negotiations on the settlement of historical arrears with the Counties;**

- iv) **Within six (6) months of adoption of this report, the Accounting Officer should submit the status report of the unremitted contributions from Counties and recoveries made to the Auditor General for audit verification.**
- v) **The Accounting Officer to confirm ownership status of properties offered by County Governments before asset debt swap arrangements are agreed upon.**

Other Matter

2. Unresolved Prior Year Matters

16) The following prior year audit matters remained unresolved as at 30 June, 2020;

2.1 Unrecovered Rent - Mariakani Estate Nairobi

17) The Local Authorities Provident Fund continued collecting rent from the tenants of Mariakani Estate-Nairobi during the year. As previously reported, the County Government of Nairobi had collected rent amounting to Kshs.64, 800,000 which was yet to be forwarded to the Fund. Whereas Management continues to follow up to recover the money from Nairobi County Government, full provision for bad and doubtful debts for the full amount has been made in the books of the Fund.

Submissions by the Accounting Officer

18) The Accounting Officer submitted that the Defunct City Council of Nairobi contributions to the Fund fell into arrears and the Council was unable to pay. The Council then offered to transfer Mariakani's Estate to LAPFUND through a debt swap agreement in 2013. However, the tenants of the estate filed two suits seeking nullification of title for lack of public participation. The cases were determined in favor of the Fund.

19) He also stated that the Fund took over the property in 2016 but only a handful of the tenants agreed to pay rent to the Fund pending the determination of the case. The tenants continued to pay rent to the County Government.

20) However, since the determination of the case the collections improved and stood at Kshs.19.77 million per month for the 2022.2023 Financial Year from Kshs.0.29 million per month in the 2016/2017 Financial Year. The said rent collection was as follows:

- a. FY 2016/2017 – Kshs.0.29 million
- b. FY 2017/2018 – Kshs.0.82 million
- c. FY 2018/2019 – Kshs.3.11 million
- d. FY 2019/2020 – Kshs.2.34 million
- e. FY 2020/2021 – Kshs.10.4 million
- f. FY 2021/2022 – Kshs.24.86 million
- g. FY 2022/2023 – Kshs.19.77million (up to March 2023)

21) The Committee observed that:

- i. The County Government of Nairobi collected rent after the transfer of the estate to the Fund amounting to Kshs.64,800,000 which was yet to be remitted to the Fund; and
- ii. The matter remained unresolved.

Recommendations of the Committee

22) The Committee recommends that:

- i) Within three (3) months of the adoption of this report, the Fund to engage with the County Government of Nairobi to explore the mechanism of recovering the unremitted funds as well as ensuring prompt payment of future contributions; and**
- ii) The Accounting Officer to submit the findings of the engagement to the National Assembly within six (6) months of adoption of this report.**

2.2 Unrecovered Rent - Makasembo Estate Kisumu

23) The National Housing Corporation (NHC) continued collecting rent from tenants of Makasembo Estate-Kisumu, a property owned by the Fund. The court case concerning this state of affairs was yet to be concluded by 30 June, 2020. During the year under review, NHC collected rent estimated at Kshs.1, 452,000 but did not remit to LAPFUND.

24) This increased the total rent receivable from the property since the time of its transfer by the defunct Kisumu Municipal Council to the Fund to approximately Kshs.13, 431,000 as at 30 June, 2020. Available information indicates that the defunct Kisumu Municipal Council failed to service the undetermined debt arising from the construction of the Estate by NHC and thus the reason for NHC moving in to collect rent to recover the amount owed.

Submissions by the Accounting Officer

25) The Accounting Officer submitted that the defunct Municipal Council of Kisumu fell into contribution arrears and was unable to pay. The Municipality then offered to transfer Makasembo Estate to the Fund through a debt swap arrangement in March 2011.

26) Later, National Housing Corporation (NHC) claimed to have taken over the property to recover their development costs. Thus, the Fund got involved in a tussle with NHC and the Municipal Council of Kisumu (and subsequently the County Government of Kisumu) over the possession of the estate.

27) The Fund had since entered a Memorandum of Understanding (MoU) in which the NHC

agreed to release the estate to the Fund. The estate was subsequently handed over to the Fund in November 2020. The Fund was pursuing the recovery of Kshs.11,979,000 from the County Government of Kisumu in accrued rent collected by NHC since 2011.

28) He also informed the Committee that the Fund embarked on the redevelopment of the estate targeting the development of 1,8880 affordable houses. Further, all one hundred and thirty eight (138) tenants moved out to pave the way for the development.

Observations and Findings of the Committee

29) The Committee observed that:

- i. As at 30 June, 2020 the total rent receivable from the Property from the date of transfer by the defunct Kisumu Municipal Council to the Fund was approximately Kshs.11,979,000;
- ii. The defunct Municipal Council of Kisumu offered to transfer Makasembo Estate to the Fund through asset debt swap arrangement in March 2011. Rent receivable from the property since the time of its transfer by the defunct Kisumu Municipal Council to the Fund was approximately Kshs.13, 431,000 as at 30 June, 2020; and
- iii. The matter remained unresolved.

Recommendations of the Committee

30) The Committee recommends that:

- i) **Within three (3) months of the adoption of this report, the Accounting Officer is to engage them with County Government of Kisumu to explore the mechanism of recovery of the unremitted funds as well as ensuring prompt payment of future contributions;**
- ii) **The Accounting Officer is to submit the findings of the engagement to the National Assembly within six (6) months of the adoption of this report.**

3.2 Financial Years 2020/2021

31) There was no issue raised in the Annual Report and Finance Statement for the 2020/2021 Financial Year.

3.3 Financial Years 2020/2021

Doubtful Recoverability of Long-Term Receivables from Exchange Transactions

- 32) As disclosed in Note 18 to the financial statements, the statement of financial position reflects long term receivables from exchange transactions balance of Kshs.20,272,160,000 after deducting cumulative impairment allowance of Kshs.22,175,383,000 and after transferring an amount of Kshs.1,165,921,000 to current receivables.
- 33) The balance reflects an increase of Kshs.4, 421,143,000 or 28% from previous year's balance of Kshs.15, 851,017,000. The balance has been growing over the years, an indication that Management has not aggressively pursued the collection of the receivables to minimize levies on outstanding contributions which represent a significant portion of long-term receivables.
- 34) In the circumstances, the existence of an effective mechanism to ensure the recoverability of the long-term receivables could not be confirmed.

Submissions by the Accounting Officer

- 35) The Accounting Officer submitted that the Fund was affected by non-remittance and delayed remittance of contributions by County Governments and their predecessors, the defunct local authorities. He informed the Committee that the following steps had been taken to recover the long-term receivables balance:
- i. Sending demand letters to the sponsors;
 - ii. Undertaking reconciliations to agree on outstanding debts. 90% of the debts from sponsors have been reconciled;
 - iii. Sending reports to the Retirement Benefits Authority (RBA) as the regulator to assist in the enforcement of remittances of statutory contributions to LAPFUND;
 - iv. Seeking assistance from the Office of the Controller of Budget to enforce submission of pension money by the Counties to LAPFUND once the funds are released;
 - v. Negotiating for settlement of the arrears; and
 - vi. Filing recovery proceedings in Court.
- 36) He also stated that:
- i. Most of the debts were historical and were from the defunct Local Authorities;
 - ii. The current collection has since improved to 90% of the expected contributions; and
 - iii. Counties which are unable to remit their arrears offered properties to the Fund in an asset swap arrangement.
- 37) The Accounting Officer committed to continue pursuing the unremitted contributions of Kshs.47 billion from County Governments and Kshs.7 billion from the defunct Local Authorities.

Observations and findings of the Committee

38). The Committee observed that:

- i. The long-term receivables balances of Kshs.20,272,160,000 in the financial year 2021/2022 resulted from non-remittance and delayed remittance of contributions by County Governments and the defunct local authorities;
- ii. The Fund has instituted various measures to recover the balances including: sending demand letters; Filing recovery proceedings in Court; seeking the assistance of Retirement Benefits Authority (RBA), Office of the Controller of Budget; as well as negotiating for settlement of the arrears;
- iii. The matter remained unresolved.

Recommendations of the Committee

39). The Committee recommends that:

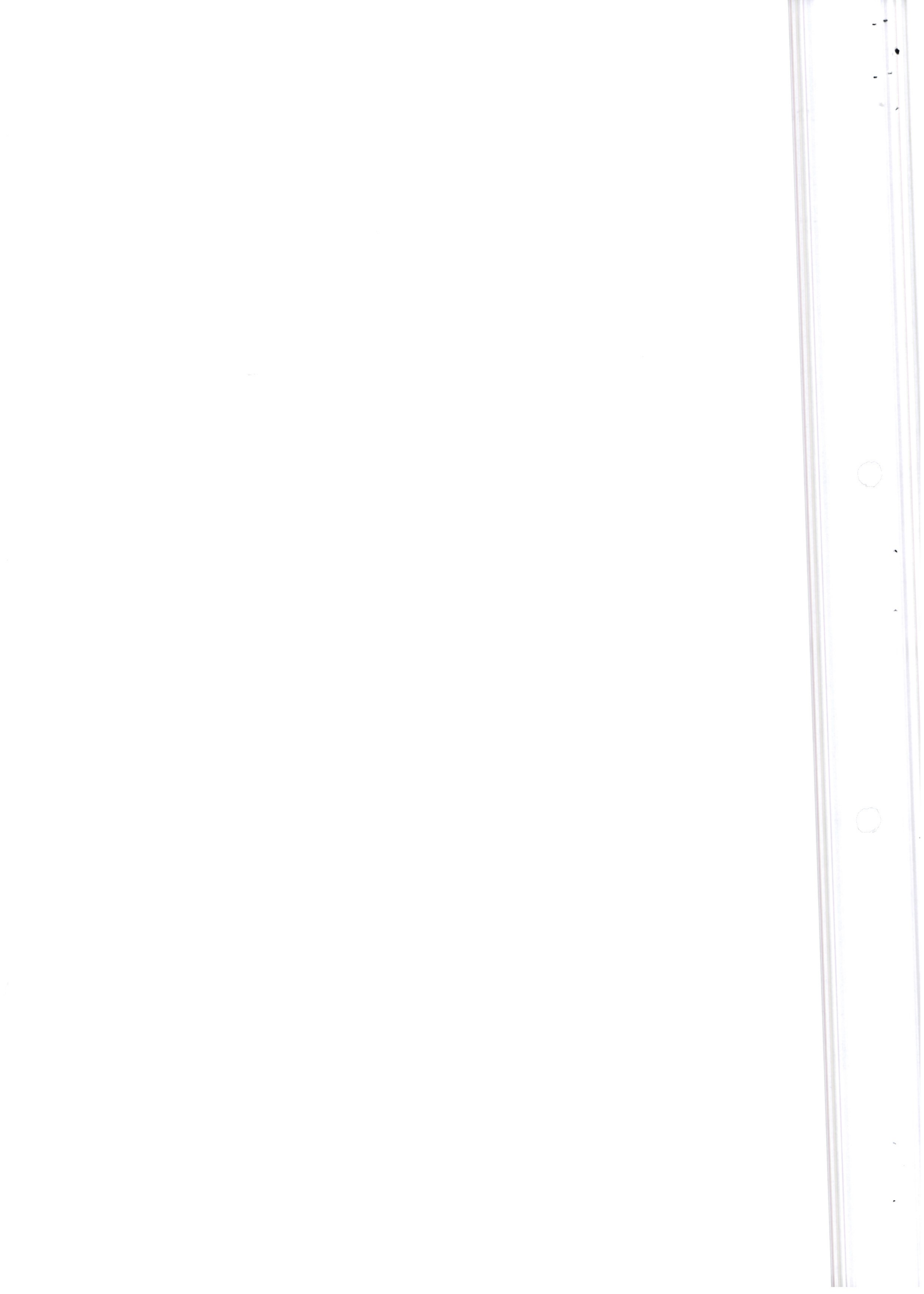
- i) **The Fund to continue pursuing the recovery of the long-term receivables of Kshs.20,272,160,000;**
- ii) **The Accounting Officer to fast track the engagements with the Retirement Benefits Authority (RBA) and the Controller of Budget to enforce the submission of pension money by the Counties to the Fund**
- iii) **The Accounting Officer to fast track the negotiations on the settlement of historical arrears with the Counties; and**
- iv) **Within six (6) months of the adoption of this report, the Accounting Officer submits the findings of the engagement and the status report of the unremitted contributions from Counties and recoveries made to the Auditor General for audit verification.**
- v) **The Accounting Officer to confirm ownership status of properties offered by County Governments before asset debt swap arrangements are agreed upon.**

SIGNED..........DATE.....

HON. FATUMA ZAINAB MOHAMMED, MP

(CHAIRPERSON)

SPECIAL FUNDS ACCOUNTS COMMITTEE



ANNEXURES

Annexure 1 - Committee Minutes

Annexure 2 - Adoption List




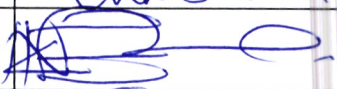

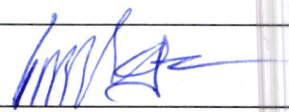
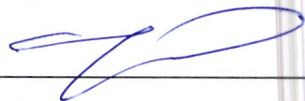


THIRTEENTH PARLIAMENT – SECOND SESSION

THE NATIONAL ASSEMBLY

SPECIAL FUNDS ACCOUNTS COMMITTEE.

**ADOPTION LIST FOR THE
THIRD REPORT ON AUDITED FINANCIAL STATEMENTS FOR
THE:**

Local Authorities Provident Fund - 2019/20, 2020/2021 and 2021/2022

NO.	NAME	SIGNATURE
1.	Hon. Fatuma Zainab Mohammed, MP - Chairperson	
2.	Hon. Dawood Abdul Rahim, HSC, MP – Vice-Chairperson	
3.	Hon. Charles Ngusya Nguna, MP	
4.	Hon. Dr. Christine Ombaka Oduor, MP	
5.	Hon. Erastus Kivasu Nzioka, MP	
6.	Hon. Eve Akinyi Obara, MP	
7.	Hon. Faith Wairimu Gitau, MP	
8.	Hon. Joseph Majimbo Kalasinga, MP	
9.	Hon. Tom Mboya Odege, MP	
10.	Hon. Catherine Nakhabi Omanyoo, MP	
11.	Hon. Cecilia Asinyen Ngitit, MP	
12.	Hon. Erick Kahugu Mwangi MP	
13.	Hon. Joseph Kimutai Cherorot, MP	
14.	Hon. Joshua Odongo Oron, MP	
15.	Hon. Paul Biego Kibichy, MP	

MINUTES OF THE 34TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY, 20TH JUNE 2023, AT BOMA HOTEL, SOUTH C, NAIROBI COUNTY AT 09.30 AM

PRESENT

1. Hon. Fatuma Zainab Mohammed, MP - **Chairperson**
2. Hon. Dawood Abdul Rahim, HSC, MP - **Vice Chairperson**
3. Hon. Joseph Kimutai Chererot, MP
4. Hon. Erastus Kivasu Nzioka, MP
5. Hon. Tom Mboya Odege, MP
6. Hon. Erick Kahugu Mwangi, MP
7. Hon. Joseph Majimbo Kalasinga
8. Hon. Paul Kibichi Biego, MP

APOLOGIES

1. Hon. Faith Wairimu Gitau, MP
2. Hon. Dr. Christine Ombaka Oduor, MP
3. Hon. Charles Ngusya Nguna, MP
4. Hon. Catherine Nakhabi Omanyoo, MP
5. Hon. Cecilia Asinyen Ngitit, MP
6. Hon. Joshua Odongo Oron, MP
7. Hon. Eve Akinyi Obara, MP

NATIONAL ASSEMBLY SECRETARIAT

- | | | | |
|----|---------------------------|---|------------------------------|
| 1. | Mr. Leonard Machira | - | Senior Clerk Assistant |
| 2. | Ms. Comfort Susan Achieng | - | Clerk Assistant III |
| 3. | Mr. Silvanus Makau | - | Clerk Assistant III |
| 4. | Ms. Pauline Sifuma | - | Hansard Officer III |
| 5. | Mr. Geoffrey Kwatamba | - | Media Relations Officer III |
| 6. | Ms. Mariam Gabow | - | Public Relations Officer III |

IN ATTENDANCE

OFFICE OF THE AUDITOR-GENERAL

- | | | | |
|----|-----------------------|---|--|
| 1. | Mr. Dohu M. Kinyanjui | - | Director Audit |
| 2. | Mr. David Osiemo | - | Auditor/Parliamentary Liaison
Officer |

NATIONAL TREASURY

- | | | |
|--------------------|---|---------------------------|
| Dr. Jackson Ndungo | - | Deputy Accountant General |
|--------------------|---|---------------------------|

LAP FUND

- | | | |
|--------------------------------|---|--|
| 1. Mr. Benard Mbogoh | - | Ag Chief Executive Officer |
| 2. Ms. Veronicah Leseya Owende | - | Chief Manager Strategy, HR, ICT and Compliance |
| 3. Mr. Erick Otieno | - | Coordinator Financial Reporting and Investment |
| 4. Ms. Chemashack Ndiwa | - | Manager Finance and Investment |

MIN. NA/AA&SC-SFAC/2023/143:

PRELIMINARIES

The Chairperson called the meeting to order at 09.40 am, followed by a word of prayer and introductions.

The following agenda was adopted as circulated:

- a) Preliminaries
- b) Prayer
- c) Introductions
- d) **Examination of Reports of the Auditor General on Accounts of the Local Authorities Provident Fund for the FYs 2019/2020 to 2021/2022.**
- e) Any Other Business
- f) Adjournment /Date of the next meeting.

After that Mr. Benard Mbogo, the Ag. Chief Executive Officer, Local Authorities Provident Fund, took the witness oath and tabled the Management responses and supporting documents on the audited accounts of the Fund for Financial Years 2019/2020 to 2021/2022.

MIN. NA/AA&SC-SFAC/2023/144:

EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE LOCAL AUTHORITIES PROVIDENT FUND FOR THE FINANCIAL YEAR 2019/2020.

1. **Long-term receivables from exchange transactions of Kshs.11, 972,660,000; (2019-Kshs.7, 323,268,000.**

The balance comprises gross contributions due before provisioning from County Governments, Water Companies and Other companies of Kshs.23,167,670,285, Kshs.2,600,415,624, and Kshs.59,162,681 respectively. Management has not aggressively pursued the collection of the receivables. This has occasioned an upward increase on the long overdue contributions from Kshs.7, 323,268,000 as at 30 June, 2019 to Kshs.11, 972,660,000 as at 30 June, 2020.

Management should put in place mechanisms for the full recovery of the long-term receivables.

Management response

The Accounting Officer responded that the Fund was affected by non-remittance and delayed remittance of contributions by County Governments and their predecessors, the defunct local authorities. He also informed the Committee that the management took the following steps to recover the long-term receivables balance:

- i. Sending demand letters to the sponsors
- ii. Undertaking reconciliations to agree on the outstanding debts with 90% of the debts from sponsors have been reconciled.
- iii. Sending reports to the Retirement Benefits Authority (RBA) as the regulator to assist in enforcement of remittances of statutory contributions to LAPFUND.
- iv. Seeking assistance from the Office of the Controller of Budget to enforce submission of pension money by the Counties to LAPFUND once the funds are released.
- v. Negotiating for settlement of the arrears
- vi. Filing recovery proceedings in Court.

The Accounting Officer committed to continue pursuing the unremitted contributions of Kshs.47 billion from County Governments and Kshs.7 billion from the defunct Local Authorities.

He also stated that:

- i. Most of the debts were historical and were from the defunct Local Authorities;
- ii. The current collection has since improved to 90% of the expected contributions; and
- iii. Counties which are unable to remit their arrears offered properties to the Fund in an asset swap arrangement.

Committee observation

The Committee observed that the matter remained resolved.

2. Unresolved prior year matters

2.1. Unrecovered Rent - Mariakani Estate Nairobi

The County Government of Nairobi had collected rent amounting to Kshs.64, 800,000 from tenants of Mariakani Estate However, the County Government did not forward the same to the Fund.

Management response.

The Accounting Officer responded that the Defunct City Council of Nairobi contributions to the Fund fell into arrears and the Council was unable to pay. The Council then offered to transfer Mariakani Estate to LAPFUND through a debt swap agreement in 2013.

However, the tenants of the estate filed two suits seeking nullification of title for lack of public participation. The cases were determined in favor of the Fund.

The Fund took over the property in 2016 but only a handful of the tenants agreed to pay rent to the Fund pending the determination of the case. The tenants continued to pay rent to the County Government. However, since the determination of the case the collections improved and stood at Kshs. 19.77 million per month for the 2022.2023 Financial Year from Kshs. 0.29 million per month in the 2016/2017 Financial Year.

He committed to avail documentary evidence on recovery of the arrears to the Committee by 21st June 2023.

Committee Observation

The Committee observed that the matter was partially resolved since the full amount was yet to be recovered.

2.2. Unrecovered Rent - Makasembo Estate Kisumu

The National Housing Corporation (NHC) continued to collect rent from tenants of the Estate owned by the Fund due to the failure by the defunct Kisumu Municipal Council to service an undetermined debt arising from the construction of the estate by NHC. The council later surrendered the estate to offset contributions arrears owed to the Fund in a asset swap agreement.

During the year under review, the NHC collected rent estimated at Kshs.1, 452,000 but did not remit to LAPFUND. Thus, the total rent receivable from the property since the time of its transfer by the defunct Kisumu Municipal Council to the Fund to approximately Kshs.13, 431,000 as at 30 June, 2020.

Management Response

The Accounting Officer responded that the defunct Municipal Council of Kisumu fell into contribution arrears and was unable to pay. The Municipality then offered to transfer Makasembo Estate to the Fund through a debt swap arrangement in March 2011.

Later, National Housing Corporation (NHC) claimed to have taken over the property to recover their development costs. Thus, the Fund got involved in a tussle with NHC and the Municipal Council of Kisumu (and subsequently the County Government of Kisumu) over the possession of the estate.

The Fund had since entered a Memorandum of Understanding (MoU) in which the NHC agreed to release the estate to the Fund. The estate was subsequently handed over to the Fund in November 2020. The Fund was pursuing the recovery of Kshs. 11,979,000 from the County Government of Kisumu in accrued rent collected by NHC since 2011.

Redevelopment plan

He informed the Committee that the Fund embarked on the redevelopment of the estate targeting the development of 1,8880 affordable houses. Further all the 138 tenants moved out to pave the way for the development.

Committee observation

The Committee observed that the matter remained unresolved since the balance has not been recovered.

2. Unremitted contributions

2.1. Unrecovered Rent - Mariakani Estate Nairobi

The County Government of Nairobi had collected rent amounting to Kshs.64, 800,000 from tenants of Mariakani Estate which was yet to be forwarded to the Fund.

Management response.

The Accounting Officer responded that the Defunct City Council of Nairobi contributions to the Fund fell into arrears and the Council was unable to pay. The Council then offered to transfer Mariakani Estate to LAPFUND through a debt swap agreement in 2013.

However, the tenants of the estate filed two suits seeking nullification of title for lack of public participation. The cases were determined in favor of the Fund.

The Fund took over the property in 2016 but only a handful of the tenants agreed to pay rent to the Fund pending the determination of the case. The tenants continued to pay rent to the County Government. However, since the determination of the case the collections improved and stood at Kshs. 19.77 million per month for the 2022.2023 Financial Year from Kshs. 0.29 million per month in the 2016/2017 Financial Year.

He committed to avail documentary evidence on recovery of the arrears to the Committee by 21st June 2023.

Committee Observation

The Committee observed that the matter was partially resolved since the full amount was yet to be recovered.

2.2. Unrecovered Rent - Makasembo Estate Kisumu

The National Housing Corporation (NHC) continued to collect rent from tenants of the Estate owned by the Fund due to the failure by the defunct Kisumu Municipal Council to service an undetermined debt arising from the construction of the estate by NHC. The council later surrendered the estate to offset contributions arrears owed to the Fund in a asset swap agreement.

During the year under review, the NHC collected rent estimated at Kshs.1, 452,000 but did not remit to LAPFUND. Thus, the total rent receivable from the property since the time of its transfer by the defunct Kisumu Municipal Council to the Fund to approximately Kshs.13, 431,000 as at 30 June, 2020.

Management Response

The Accounting Officer responded that the defunct Municipal Council of Kisumu fell into contribution arrears and was unable to pay. The Municipality then offered to transfer Makasembo Estate to the Fund through a debt swap arrangement in March 2011.

Later, National Housing Corporation (NHC) claimed to have taken over the property to recover their development costs. Thus, the Fund got involved in a tussle with NHC and the Municipal Council of Kisumu (and subsequently the County Government of Kisumu) over the possession of the estate.

The Fund had since entered a Memorandum of Understanding (MoU) in which the NHC agreed to release the estate to the Fund. The estate was subsequently handed over to the Fund in November 2020. The Fund was pursuing the recovery of Kshs. 11,979,000 from the County Government of Kisumu in accrued rent collected by NHC since 2011.

Committee Observation

The matter observed that the matter was partially resolved since the Fund had not recovered the full amount.

MIN. NA/AA&SC-SFAC/2023/147: ADJOURNMENT / DATE OF NEXT MEETING

There being no any other business, the Meeting was adjourned at 12:40 pm. The next Meeting to be held on notice.

SIGNED.....*Fatuma Zainab Mohammed*.....DATE.....*01/08/2023*.....

HON. FATUMA ZAINAB MOHAMMED, MP

(CHAIRPERSON)

SPECIAL FUNDS ACCOUNTS COMMITTEE



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**MINUTES OF THE 39TH SITTING OF THE SPECIAL FUND ACCOUNTS COMMITTEE
HELD ON TUESDAY, 1ST AUGUST 2023, IN MAIN PARLIAMENT BUILDINGS IN
COMMITTEE ROOM 12, GROUND FLOOR AT 09.30 AM.**

PRESENT

1. Hon. Fatuma Zainab Mohammed, MP - Chairperson
2. Hon. Dawood Abdul Rahim, HSC, MP - Vice Chairperson
3. Hon. Joseph Majimbo Kalasinga
4. Hon. Erastus Kivasu Nzioka, MP
5. Hon. Joseph Kimutai Cherorot, MP
6. Hon. Eve Akinyi Obara, MP
7. Hon. Catherine Nakhabi Omanyoo, MP
8. Hon. Paul Kibichi Biego, MP
9. Hon. Kahugu Erick Mwangi, MP
10. Hon. Cecilia Asinyen Ngitit, MP
11. Hon. Joshua Odongo Oron, MP
12. Hon. Tom Mboya Odege, MP

APOLOGIES

1. Hon. Faith Wairimu Gitau, MP
2. Hon. Dr. Christine Ombaka Oduor, MP
3. Hon. Charles Ngusya Nguna, MP

IN ATTENDANCE

Mr. David Osiemo - Auditor/Parliamentary Liaison Officer

NATIONAL TREASURY

Mr. Simon K. Kiriiba - Parliamentary Liaison Officer

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Leonard Machira - Senior Clerk Assistant
2. Mr. Silvanus Makau - Clerk Assistant III
3. Mr. Robert Ngetich - Fiscal Analyst II
4. Ms. Pauline sifuma - Hansard Reporter
5. Mr. Peter Mutethia - Audio Officer III
6. Mr. Benard Omondi - Sargent at arms
7. Ms. Mariam Gabow - Public Communications Officer III

MIN. NA/AA&SC-SFAC/2023/061:

PRELIMINARIES

The Chairperson called the meeting to order at 09.45am, followed by a word of prayer and introductions.

The following agenda was adopted as circulated:

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Confirmation of previous Minutes
5. **Report writing on the Considered Accounts of the Parliamentary Mortgage Fund, Parliamentary Catering Fund, Parliamentary Car Loan Fund and the Local Authorities Provident Fund.**
6. Any Other Business
7. Adjournment Date of the next meeting.

MIN. NA/AA&SC-SFAC/2023/062:

COMMUNICATION FROM THE CHAIR

The Chair communicated the following to the Committee:

- a. The Principal Secretary, State Department for Petroleum, in his letter with Ref: No: MOPM/P/CONF/1/36 dated 28th July 2023 requested the Committee to postpone the meeting scheduled on 4th August 2023 to the week of 7th August 2023. The Committee agreed to the request and rescheduled the meeting to 8th August 2023.
- b. The Managing Trustee, Commodities Fund, in her letter with Ref No: ComFund/Fin/Vol.13/3811 dated 31st July 2023 requested the Committee to postpone the meeting scheduled for 1st August 2023. The Committee rescheduled the meeting to 4th August 2023.

MIN. NA/AA&SC-SFAC/2023/063:

CONFIRMATION OF PREVIOUS MINUTES

1. The minutes of the 34th sitting held on Tuesday, **20th June 2023**, were confirmed as an accurate record of the proceedings having been proposed by Hon. Erastus Kivasu Nzioka, MP and seconded by Hon. Tom Mboya Odege, MP.
2. The minutes of the 35th sitting held on Tuesday, **27th June 2023**, were confirmed as an accurate record of the proceedings having been proposed by Hon. Erastus Kivasu Nzioka, MP and seconded by Hon. Paul Kibichi Biego, MP.
3. The minutes of the 36th sitting held on Tuesday, **4th July 2023**, were confirmed as an accurate record of the proceedings having been proposed by Hon. Kahugu Erick Mwangi, MP and seconded by Hon. Tom Mboya Odege, MP.

4. The minutes of the 37th sitting held on Wednesday, **5th July 2023**, were confirmed as an accurate record of the proceedings having been proposed by Hon. Erastus Kivasu Nzioka, MP and seconded by Hon. Paul Kibichi Biego, MP.

MIN. NA/AA&SC-SFAC/2023/064: CONSIDERATION OF DRAFTS REPORTS THE PARLIAMENTARY MORTGAGE SCHEME FUND, PARLIAMENTARY CATERING FUND, PARLIAMENTARY CAR LOANS SCHEME FUND AND THE LOCAL AUTHORITIES PROVIDENT FUND.

Parliamentary Mortgage Scheme Fund for the Financial Year 2020/2021.

a. Receivables from exchange Transactions

The Committee agreed on the following observations and recommendations.

Observations

- i. The Fund had outstanding loans of Kshs.47,690,230 as at 30 June, 2021 that were not being serviced;
- ii. Kshs. 17 million has since been recovered in the financial year 2022/23;
- iii. The Fund is in the process of recovering the outstanding loans balances through auction of property;
- iv. The matter remained unresolved.

Recommendations

- i. The Fund continue with the recovery process of the non-performing loans; and
- ii. Within six (6) months of the adoption of this report, the Accounting Officer submits the status report of the non-performing loans and recoveries made to the National Assembly and the Office of the Auditor - General for audit verification.

2. Statement of Comparison of Budgets and Actual Amounts

Observation

The Committee observed that the matter was resolved as management has adhered to the International Public Sector Accounting Standards (IPSAS) Accrual Basis of financial reporting framework in the subsequent financial year.

Recommendations

The Committee recommends that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Parliamentary Mortgage Fund for the Financial Year 2021/2022.

1. Receivables from exchange transactions

Observations

- i. The Fund had non-performing loans of Kshs.35,057,050 as at 30 June, 2022 that were not being serviced;
- ii. The Fund is in the process of recovering the outstanding loans balances through auction of property;
- iii. The matter remained unresolved.

Recommendations

- i. The Accounting Officer to continue with the recovery process of the non-performing loans; and
- ii. Within six (6) months of the adoption of this report, the Accounting Officer to submit the status report of the non-performing loans and recoveries made to the National Assembly and the Office of the Auditor - General for audit verification.

Parliamentary Car Loan Fund for the Financial Year 2020/2021.

Observation

The Committee observed that the matter was resolved as the management adhered to the International Public Sector Accounting Standards (IPSAS) (accrual Basis of Financial reporting) in the subsequent year.

Recommendation

The Committee recommends that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Parliamentary Car Loan Fund for the Financial Year 2021/2022.

The office of the Auditor- General confirmed that there were no material issues reported in the financial year.

Parliamentary Catering Fund for the Financial Year 2020/2021.

1. Lack of Statement of Comparison of Budgets and Actual Amounts

Observation

The Committee observed that the matter was resolved as the management adhered to the International Public Sector Accounting Standards (IPSAS) (accrual Basis of Financial reporting) in the subsequent year.

Recommendation

The Committee recommends that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012 and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

Parliamentary Catering Fund for the Financial Year 2021/2022.

1. Receivables

Observation

- i. The outstanding balances of Kshs.41,357,388 was not disclosed in the pending bills of the three (3) Vote's financial statements because verification of the receivables by the Fund was concluded after the financial statements had been prepared;
- ii. Ksh. 31,392,405 has been paid to the Fund and the balance of Ksh. 11,199,178 would be cleared during the current financial year;
- iii. The outstanding balance of Kshs.41,357,388 was not disclosed in the pending bills of the respective financial statements under the three (3) votes;
- iv. The matter remained unresolved.

Recommendation

- i. The Accounting Officer to verify and submit the receivables in time for inclusion in the financial statements of the respective services; and

- ii. Within three (3) months of the adoption of this report, the Accounting Officer submits the status report for the undisclosed pending bills of Kshs.41, 357,388 to the Auditor - General for audit verification.

The Local Authorities Provident Fund for the Financial Year 2019/2020.

1. Long Term Receivables from Exchange Transactions

Observations

- ii. The long-term receivables balance of Kshs. 11,972,660,000 as at 30 June 2020 resulted from non-remittance and delayed remittance of contributions by County Governments and the defunct local authorities;
- iii. Management had not collected long overdue (contributions) receivables of Kshs.11, 972,660,000 by end of the financial year 2019/2020.;
- iv. Most of the debts were historical and were for the defunct Local Authorities;
- v. Some Counties which were unable to remit their arrears (contributions due) offered properties to the Fund in an asset debt swap arrangement; and
- vi. The matter remained unresolved.

Recommendations

- i. The Accounting Officer take appropriate measures to recover the long-term receivables of Kshs. 11,972,660,000;
- ii. Within three (3) months of the adoption of this report, the Accounting Officer to engage: the Council of Governors (COG) to explore the mechanism of how best the issue of recovery of the long-term receivables can be resolved; the Controller of Budget to exploit the mechanism of recovering the long-term receivables of Kshs. 11,972,660,000 as well ensuring prompt payment of future contributions;
- iii. Within three (6) months of the adoption of this report, the Accounting Officer submits the status report of the unremitted contributions from Counties and recoveries made to the Auditor General for audit verification.
- iv. The Accounting Officer confirms ownership status of properties offered by county Governments before asset debt swap arrangements are agreed upon.

Other Matter

2. Unresolved Prior Year Matters

2.1 Unrecovered Rent - Mariakani Estate Nairobi

Observations

- i. The County Government of Nairobi had collected rent amounting to Kshs.64,800,000 which was yet to be remitted to the Fund;
- ii. The Defunct City Council of Nairobi offered to transfer Mariakani Estate to LAPFUND through asset debt swap agreement in the year 2013.and
- iii. The matter remained unresolved

Recommendations

- ii. Within three (3) months of the adoption of this report, the Fund to engage with the County Government of Nairobi to explore the mechanism of recovering the unremitted funds as well as ensuring prompt payment of future contributions;
- iii. The Accounting Officer to submit the findings of the engagement to the National Assembly within five (5) months of adoption of this report.

2.2 Unrecovered Rent - Makasembo Estate Kisumu

Observations

- i. As at 30 June, 2020 the total rent receivable from the Property from the date of transfer by the defunct Kisumu Municipal Council to the Fund was approximately Kshs. 11,979,000;
- ii. The audit query has been recurring over the years;
- iii. The defunct Municipal Council of Kisumu offered to transfer Makasembo Estate to the Fund through asset debt swap arrangement in March 2011
- iv. Rent receivable from the property since the time of its transfer by the defunct Kisumu Municipal Council to the Fund was approximately Kshs.13, 431,000 as at 30 June, 2020; and
- v. The matter remained unresolved.

Recommendations

- i. Within three (3) months of the adoption of this report, the Fund to engage the with County Government of Kisumu to explore the mechanism of recovery of the unremitted funds as well as ensuring prompt payment of future contributions;
- ii. The Accounting Officer to submit the findings of the engagement to the National Assembly within six (6) months of adoption of this report; and
- iii. Within three (3) months of the adoption of this report, the Accounting Officer should submit the land buying agreements for Makasembo Estate to the National Assembly and the Auditor General for audit verification.

The Local Authorities Provident Fund for the Financial Year 2020/2021.

There was no issue raised in the Annual Report and Finance Statement for the 2020/2021 Financial Year.

The Local Authorities Provident Fund for the Financial Year 2021/2022.

1. Doubtful Recoverability of Long-Term Receivables from Exchange Transactions

Observations

- i. There was an increase in the long overdue contributions by Kshs.4, 421,143,000 or 28% from the previous year's balance of Kshs.15, 851,017,000 during the year under review which implies that the Fund had not been aggressively pursuing the collection of the receivables;
- ii. There were long term receivables from exchange transactions of Kshs.20,272,160,000 in the financial year 2021/2022; and
- iii. The matter remained unresolved.

Recommendations

- i. The Fund to continue pursuing the recovery of the long-term receivables;
- ii. Within three (3) months of the adoption of this report, the Fund to engage: the Council of Governors (COG) to explore the mechanism of how best the issue can be resolved; the Controller of Budget to exploit the mechanism of recovering the funds as well ensuring prompt payment of future contributions;

- iii. Within three (6) months of the adoption of this report, the Accounting Officer submits the status report of the unremitted contributions from Counties and recoveries made to the Auditor General for audit verification.

The Committee agreed that the consideration of the reports of the Auditor- General on the Parliamentary Funds be contained in one report while the consideration of the reports of the Auditor- General on the Local Authorities Provident Fund be in a separate report and the adoption of the said reports be postponed to an appropriate date.

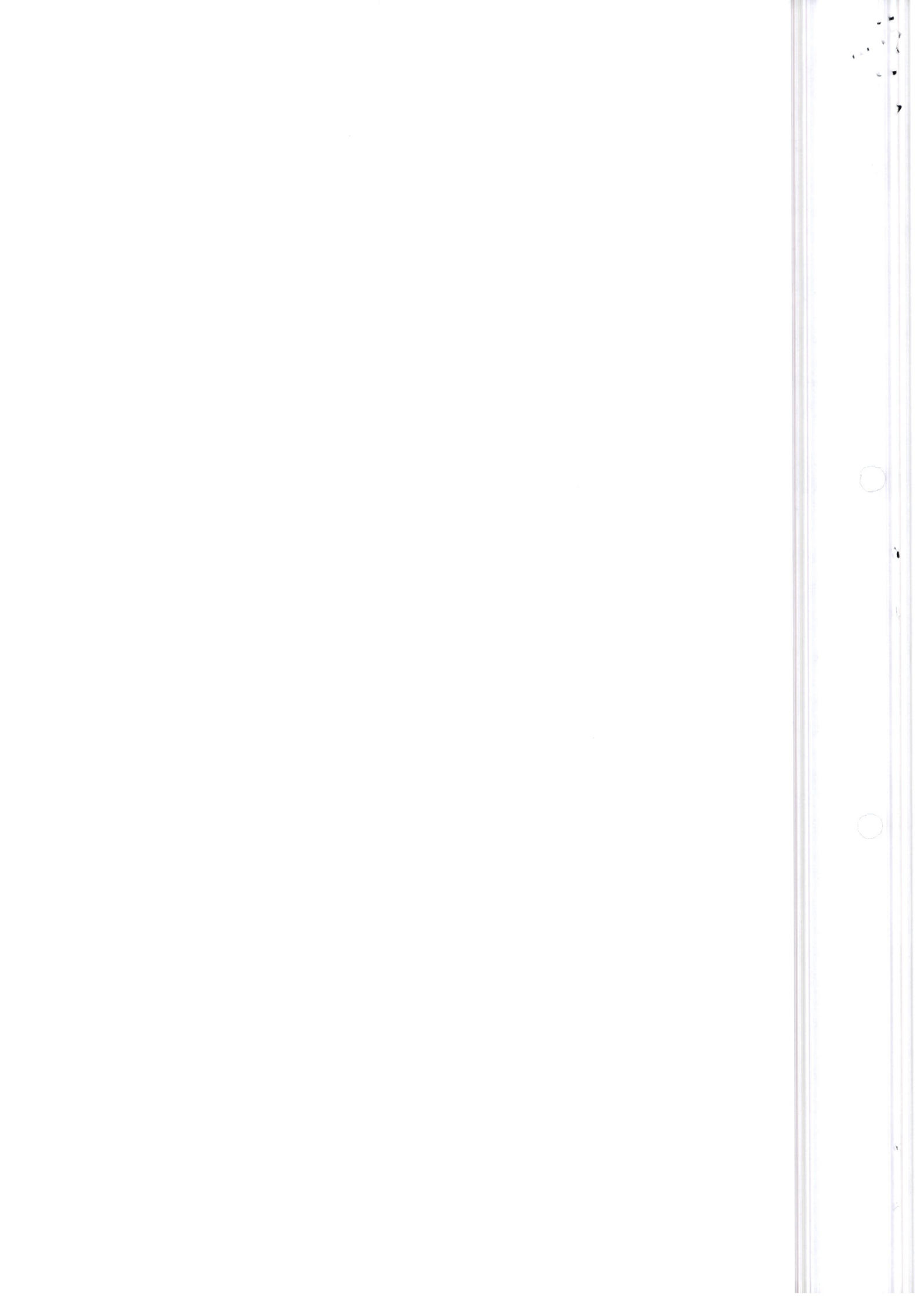
MIN. NA/AA&SC-SFAC/2023/065: ADJOURNMENT/DATE OF NEXT MEETING

There being no other business, the meeting was adjourned at 12.50 p.m. The next meeting will be held on notice.

SIGNED.....*Fatima*.....DATE.....

**HON. FATUMA ZAINAB MOHAMMED, MP
(CHAIRPERSON)**

SPECIAL FUNDS ACCOUNTS COMMITTEE



**MINUTES OF THE 42ND SITTING OF THE SPECIAL FUND ACCOUNTS COMMITTEE
HELD ON THURSDAY, 10TH AUGUST 2023, IN SECOND FLOOR CONTINENTAL
HOUSE, AT 09.30 AM.**

PRESENT

1. Hon. Fatuma Zainab Mohammed, MP - Chairperson
2. Hon. Dawood Abdul Rahim, HSC, MP - Vice Chairperson
3. Hon. Erastus Kivasu Nzioka, MP
4. Hon. Joseph Kimutai Cherorot, MP
5. Hon. Eve Akinyi Obara, MP
6. Hon. Catherine Nakhabi Omanyoo, MP
7. Hon. Cecilia Asinyen Ngigit, MP
8. Hon. Tom Mboya Odege, MP
9. Hon. Charles Ngusya Nguna, MP
10. Hon. Dr. Christine Ombaka Oduor, MP
11. Hon. Kahugu Erick Mwangi, MP

APOLOGIES

1. Hon. Faith Wairimu Gitau, MP
2. Hon. Joshua Odongo Oron, MP
3. Hon. Joseph Majimbo Kalasinga
4. Hon. Paul Kibichi Biego, MP

IN ATTENDANCE

OFFICE OF THE AUDITOR GENERAL

1. Mr. David Osiemo - Auditor/Parliamentary Liaison Officer

NATIONAL TREASURY

- Mr. Simon K. Kiriiba - Parliamentary Liaison Officer

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Leonard Machira - Senior Clerk Assistant 1
2. Mr. Silvanus Makau - Clerk Assistant III
3. Ms. Comfort Achieng - Clerk Assistant III
4. Mr. Robert Ngetich - Fiscal Analyst II
5. Ms. Judith Kanyoko - Legal Counsel II
6. Ms. Pauline Sifuma - Hansard Reporter III

MIN. NA/AA&SC-SFAC/2023/072:

PRELIMINARIES

The Chairperson called the meeting to order at 09.45 am, followed by a word of prayer and introductions.

The following agenda was adopted as circulated.

1. Prayers
2. Preliminaries/Introductions
3. Communication from the chair
4. **Adoption of report on the Considered Audited Reports of the Parliamentary Mortgage Fund, Parliamentary Car Loan Fund, Parliamentary Catering Fund, and the Local Authorities Provident Fund.**
5. Any Other Business
6. Adjournment Date of the next meeting.

MIN. NA/AA&SC-SFAC/2023/073:

COMMUNICATION FROM THE CHAIR

The Chairperson made the following Communication to the Committee:

- i. The Chief of Staff and Head of the Public Service in his letter Ref. No. OP/CAB3/7 dated 4th August 2023, invited the Committee for a consultative meeting on Corruption prevention to be held in Mombasa beginning 25th August 2023.
- ii. The Principal Secretary, State Department for Crop Development, in his letter REF:MOA/ADM/1/27/VPL.5/ dated 7th August 2023, requested the Committee to postpone the meeting scheduled for Thursday 10th August 2023. The Committee acceded to his request and rescheduled the meeting to Wednesday 16th August 2023.

MIN. NA/AA&SC-SFAC/2023/074:

ADOPTION OF REPORTS ON THE CONSIDERED AUDITED REPORTS OF THE PARLIAMENTARY MORTGAGE FUND, PARLIAMENTARY CAR LOAN FUND, PARLIAMENTARY CATERING FUND, AND THE LOCAL AUTHORITIES PROVIDENT FUND.

The Committee adopted the following reports with the proposed changes having been proposed by Hon. Erastus Kivasu Nzioka, MP and seconded by Hon. Dr. Christine Ombaka Oduor, MP.

1. Local Authorities Provident Fund - 2019/20, 2020/2021 and 2021/2022
2. Parliamentary Mortgage Fund - 2020/2021 and 2021/2022

- 3. Parliamentary Car Loan Fund - 2020/2021 and 2021/2022
- 4. Parliamentary Catering Fund - 2020/2021 and 2021/2022

MIN. NA/AA&SC-SFAC/2023/075:

ANY OTHER BUSINESS

The Committee proposed a report writing retreat in Mombasa beginning 10th September 2023 to 16th September 2023.

MIN. NA/AA&SC-SFAC/2023/076:

ADJOURNMENT/DATE OF NEXT MEETING

There being no other business, the meeting was adjourned at 11.45 p.m. The next meeting will be held on notice.

SIGNED..........DATE.....

HON. FATUMA ZAINAB MOHAMMED, MP

(CHAIRPERSON)

SPECIAL FUNDS ACCOUNTS COMMITTEE

