

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(SECOND SESSION)



06/06/2023

haid by Hon. Speaker  
on 6/6/2023

6TH JUNE 2023

NCCA/TJ/PL/2023(43)

PAPER LAID

SUBJECT: REPORT OF AUDITOR GENERAL

Pursuant to 229 (7) of the Constitution of Kenya, 2010, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 6<sup>th</sup> June 2023.

— THE REPORT OF THE AUDITOR GENERAL ON RECEIVER OF REVENUE FOR COUNTY GOVERNMENT OF NAIROBI FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022.

*(The Leader of Majority Party)*

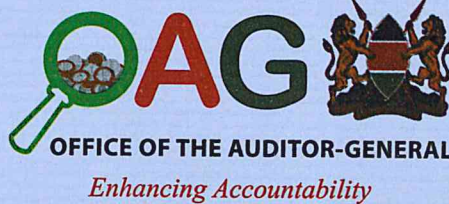
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REPUBLIC OF KENYA

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OAG/NRO/ROR-NAIROBINCC/2021/2022/ (30)

19 May, 2023

Mr. Jeremiah Nyegenye, CBS  
Clerk to the Senate  
P.O. Box 41842 - 00100  
NAIROBI.



Dear Mr. Nyegenye,

**REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE FOR  
COUNTY GOVERNMENT OF NAIROBI FOR THE YEAR ENDED 30 JUNE, 2022**

I transmit the report of the Auditor-General on the examination and audit of Receiver of Revenue for County Government of Nairobi for the year ended 30 June, 2022 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours Sincerely,

**Stanley Mwangi**  
**For: AUDITOR-GENERAL**

Copy to: Dr. Chris K. kiptoo, PhD., CBS  
Principal Secretary  
The National Treasury  
P. O. Box 30007 - 00100  
NAIROBI.

H.E. Hon. Johnson Arthur Sakaja, CBS  
Governor  
County Government of Nairobi  
P.O. Box 30075-00100  
NAIROBI.

Edward O. Gichana  
Clerk to the Nairobi City County Government,  
P.O. Box 45844-00100,  
NAIROBI

Charles K. Kerich  
The County Executive Member - Finance  
County Government of Nairobi  
P. O. Box 30075-00100  
NAIROBI

① DLS.  
Kindly note and have  
the report prepared for  
Tabling.  
D/C (L)  
22/5/2023

① PCA LSP  
prepare for  
tabling  
22/5/2023

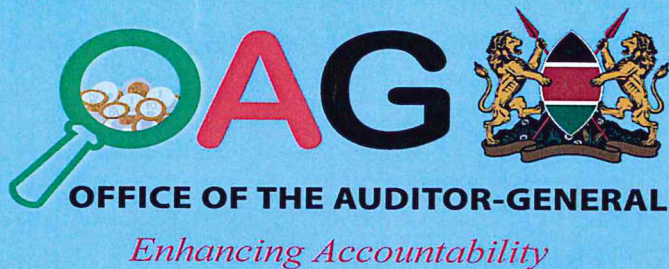
SCA - Auditor  
Please And  
Mfor  
PCA (LSP)  
23/05/23







REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

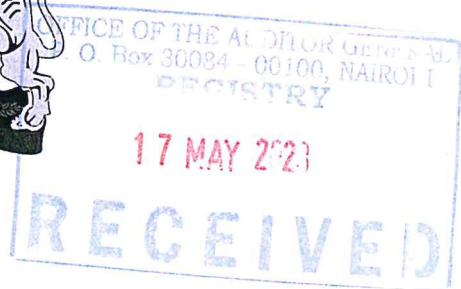
**ON**

**RECEIVER OF REVENUE FOR  
COUNTY GOVERNMENT OF NAIROBI**

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







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**RECEIVER OF REVENUE**

**County Government of Nairobi**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**JUNE 30, 2022**

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





***Receiver Of Revenue***  
***County Government of Nairobi***  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**





**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

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## **1. Key Entity Information and Management**

### **(a) Background information**

The *receiver of revenue* is under the Department of Revenue. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for finance who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

### **(b) Principal activities**

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

### **(c) Key Management**

The County Government of Nairobi' day-to-day management of revenue is under the following:

<b>Positions</b>	<b>Names</b>
County Executive Committee Member for Finance	Lawrence Musyoka Wambua
Chief Officers, in charge of Departments collecting revenue	Joseph Murigi Gathiaka
Director, Revenue	Nixon Otieno
Head of Revenue Reporting	Shaban Asman

### **d. County Executive Headquarters**

P.O. Box 30037 -01000,  
 City Hall Building,  
 City Hall Way,  
**NAIROBI, KENYA**

### **e. County Executive Contacts**

Telephone: (254) 20 224281, (254) 20 2216151  
 E-mail: [info@nairobi.go.ke](mailto:info@nairobi.go.ke)  
 Website: [www.nairobi.go.ke](http://www.nairobi.go.ke)



*Receiver Of Revenue*

*County Government of Nairobi*

Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022

**(f) County Executive Banker**

Co-operative Bank

City Hall Branch

P.O Box 44805 - 00100

**NAIROBI, KENYA**

**(g) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

**NAIROBI, KENYA.**





*Receiver Of Revenue*  
*County Government of Nairobi*  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

(i)

**Bankers**

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

**2.) Other Commercial Banks**

- a.) Equity Bank,  
Equity Centre Branch,  
P.O Box 75104-00200,  
**NAIROBI, KENYA.**
- b.) National Bank,  
Kenyatta Avenue Branch,  
P.O Box 30645 -00100,  
**NAIROBI, KENYA.**
- c.) Kenya Commercial Bank  
Moi Avenue Branch  
P.O Box 30081 – 00100  
**NAIROBI, KENYA**
- d.) Co-operative Bank  
City Hall Branch  
P.O Box 44805 - 00100  
**NAIROBI, KENYA**



## **2. Foreward by the CECM Finance and Economic Planning**

The financial statements have been prepared pursuant to sections 163,164 and 165 of the PFMA, 2012, a requirement that the county has consistently obliged to since the onset of devolution. The Reports and Financial Statements for the year have been prepared in accordance with IPSAS cash basis as recommended by the Public Sector Accounting Standards Board. These financial statements are for the 12 months' period ended 30th June, 2022. Other than being a conformation to regulatory requirements, these statements provide the county an opportunity for self-assessment in all financial matters, as a process of learning and continuous improvement in management of public resources.

The constitution 2010, through part two of the fourth schedule, allocated fourteen functions and powers to be delivered by the counties, as affirmed by article 186 (1). These functions are;

1. Agriculture, including; Crop and animal husbandry; Livestock sale yards; County abattoirs; Plant and animal disease control; and Fisheries.
2. County health services, including, in particular; County health facilities and pharmacies; Ambulance services; Promotion of primary health care; Licensing and control of undertakings that sell food to the public; Veterinary services (excluding regulation of the profession); Cemeteries, funeral parlours and crematoria; and Refuse removal, refuse dumps and solid waste disposal.
3. Control of air pollution, noise pollution, other public nuisances and outdoor advertising.
4. Cultural activities, public entertainment and public amenities, including; Betting, casinos and other forms of gambling; Racing; Liquor licensing; Cinemas; Video shows and hiring; Libraries; Museums; Sports and cultural activities and facilities; and County parks, beaches and recreation facilities.
5. County transport, including; County roads; Street lighting; Traffic and parking; Public road transport; and Ferries and harbors, (excluding the regulation of international and national shipping and matters related thereto)
6. Animal control and welfare, including; Licensing of dogs; and Facilities for the accommodation, care and burial of animals.
7. Trade development and regulations, including; Markets; Trade licences (excluding regulation of professions); Fair trading practices; Local tourism; and Cooperative societies.
8. County planning and development, including; Statistics; Land survey and mapping; Boundaries and fencing; Housing; and Electricity and gas reticulation and energy regulation.
9. Pre-primary education, village polytechnics, home craft centres and childcare facilities.
10. Implementation of specific national government policies on natural resources and environmental conservation, including; Soil and water conservation; and Forestry.
10. County public works and services, including; Storm water management systems in built-up areas; and, Water and sanitation services.





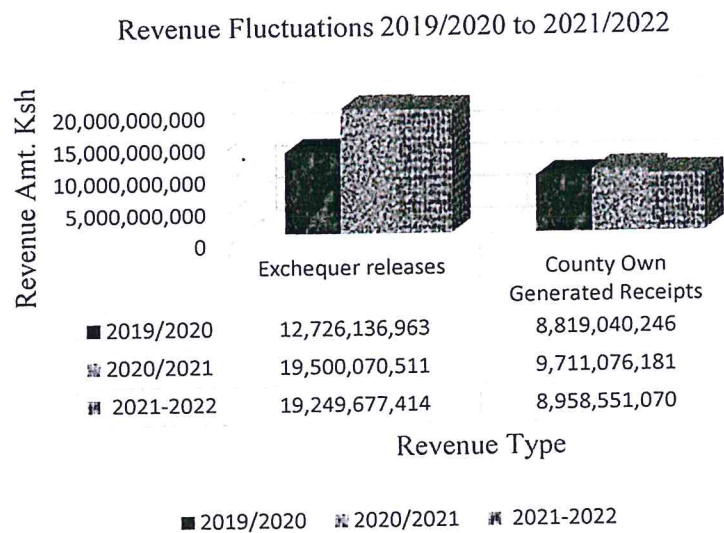
11. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level. For delivery of these functions within Nairobi County, various structures exist, with clearly defined roles. Nairobi City County Government is a product of devolution which was introduced by Article 6 and 174 of the constitution, and therefore a government exists as per article 176 (1), with both the County Assembly and the County Executive in existence. In the execution of the county mandate, it retains the constitutional responsibility for the performance of the fourteen functions, inclusive of the ones transferred to other agencies, as per article 187 (2, b). It was the sole organ for the delivery of all functions from 2013, before the formation of NMS in 2020, when it was institutionalized to improve the delivery of services to Nairobians. For efficient delivery of the functions, the county government has existing functional structure as guided by different legislation. The Nairobi Metropolitan Services is a state agency that was commissioned by the president of Kenya to take charge of the functions that were handed over by the county government in 2020 as guided by article 187 of the constitution. The NMS was in charge of County Health Services, County Transport Services, County Planning and development services and County public works, utilities and ancillary services. The NMS actively took over the delivery of these functions from 6<sup>th</sup> March 2020. The existence of this institution was expected to improve efficiency, and create synergy with the already existing platforms for greater productivity and seamless delivery of services.

The Nairobi City Water and Sewerage Company Ltd. was incorporated in December 2003 under the Companies Act cap 486. It is a wholly owned subsidiary of Nairobi City County and its main responsibility is to provide water and sewerage services to the city, in a financially sustainable manner and within the government regulations and the Water Act 2016 (Previously Water Act 2002). The Kenya Revenue Authority (KRA) under Gazette Notice no. 1609 of February 25, was designated as the principal agent for overall collection of revenue in Nairobi County. It was given full access to county revenue processes, information, data and systems. This was meant to enhance increased own- source revenue.

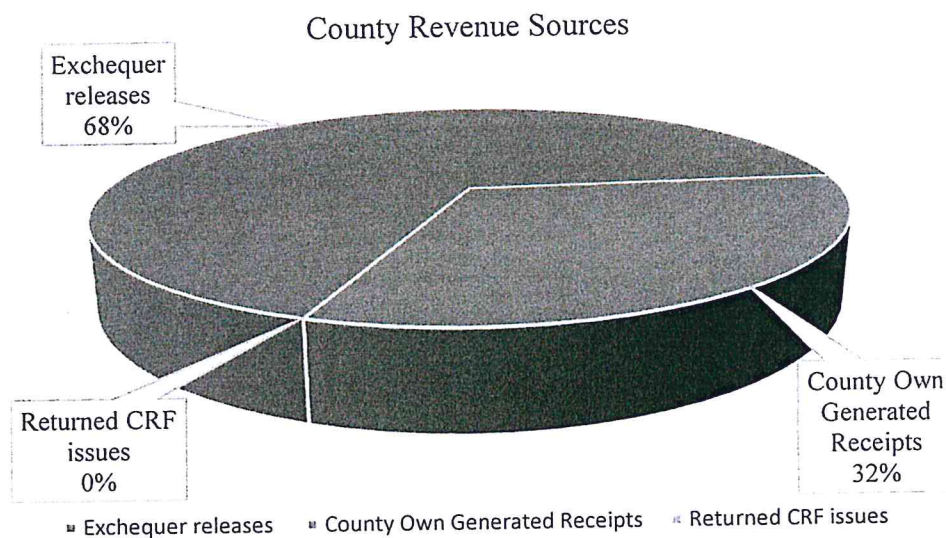
The county remains committed, and continuously pursues the fulfilment of the fiscal responsibility principles as espoused in law. In mobilization of resources, the county met 71.19 % (Ksh. 28.21 B) of the approved revenue target of Ksh. 39.63 B, constituted by exchequer release amounting to Ksh. 19.25 Billion, and Ksh. 8.96 Billion from own source revenue. OSR saw a 7.75% decline from the Ksh. 9.7 B collected in the previous financial year 2020/2021, meeting 45.68% of the set annual target.



**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**



Exchequer release constituted the larger portion of total county revenue actualized at 68.24%, while own source revenue accounted for 31.76%

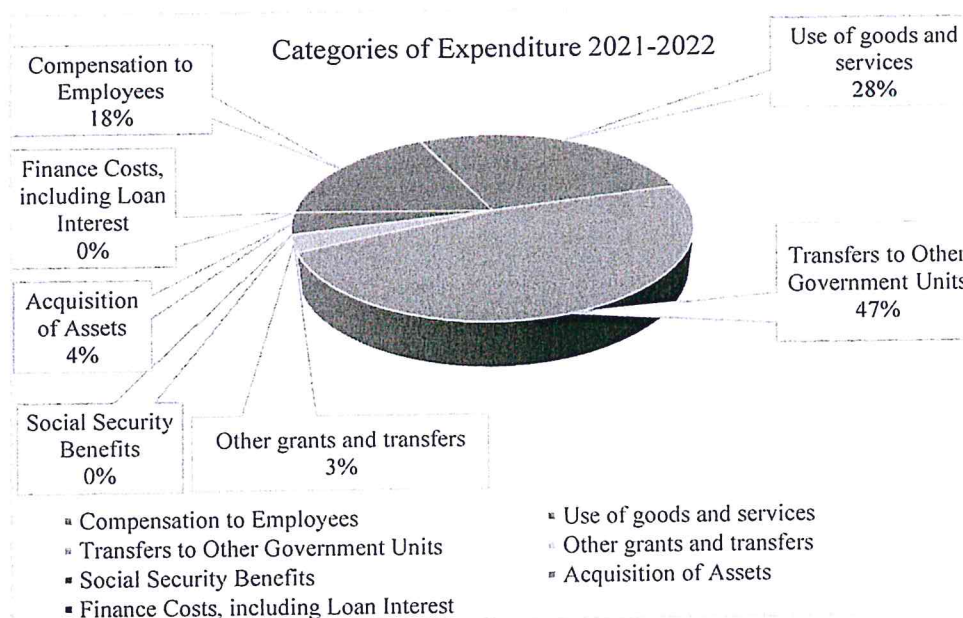


On the expenditure side, the statements depict a 69.76% (Ksh. 27.64 B) absorption of the approved budget. In absolute figures, the actual expenditure indicates that a larger proportion of county funds was utilized for transfers to other government agencies at 47%, use of goods and services at 28% and employee compensation at 18%.





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**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**



The statements directly correlate with the government's development agenda, which saw cognizable milestones in health, education, infrastructure, commerce and ICT. Considerable resources were also utilized for implementation of key flagship projects in development of stadia, fire stations, markets, public lighting, Non-Motorized transport and road maintenance. Some of these projects were implemented through the Nairobi Metropolitan Services, which came into place after the signing of the deed of transfer of functions in February 2020.

Meeting the county's strategic objectives was hampered by a number of challenges including unmet own source revenue targets, campaign period towards the national general elections, and the untimely and sometimes unpredictable release of the exchequer. As a result, provision of service was sluggish and erratic.

The implementation of the development objectives in the CIDP 2018-2022 will be concluded in the FY 2022/2023. Resources for implementing the development agenda in the 2022/23 amounts to Ksh. 38.33 Billion, with the priority being towards implementation of ongoing projects in order to accumulate the gains already achieved over the four years of implementation of the CIDP. Achievement of the set goals in the financial year may be affected by the envisaged transitions with the incoming of the new government, winding up of NMS and conclusion of the revenue collection arrangement with the KRA. We will however continue to rely on the provisions of the law which will keep the county on track in matters development and management of public resources

**Larry Musyoka Wambua**

**CECM – Finance and Economic Planning**



### 3. Management Discussion and Analysis

#### A. Budget Execution Historical Performance and Outlook

In the last few years Nairobi City County have not been able to achieve the revenue targets. These are the target set by the Department to measure the general revenue performance and used as the key performance indicators. In the year under review the revenue performance was 48%. However, this performance is not an indicative of future result since it was achieved at time where the County didn't have control over its revenues.

#### Budget Execution highlight for the period ended 30<sup>th</sup> June 2022

Details	Annual Final Budget	Actual Cumulative to Date	Utilisation%
	Kshs	Kshs	
Receipts	19,360,744,671	8,958,551,070	48
Payments	39,627,536,000	27,643,066,558	70
Surplus/ Deficit	-	-	-

#### B. Implementation Challenges and Emerging Issues:

The county was able to collect 8.95b out of a set budget of 19.3b, the failure to achieve the target was attributed to:

Transfer of revenue function to the national government where Kenya Revenue Authority(KRA) took over revenue collection mandate. Unlike the national government revenue, the County revenues component is unique in nature and it took KRA a lot of time to understand the units and to actually collect.

Use of multiple systems also contributed to non-achievement. KRA had to introduce a new system which was not integrated to existing system and finally failure to adopt and Implement County strategies meant to improve revenues. However, the County has put in place measures which include use of a single revenue collecting system, closure of all pay-bills and sub systems and returning all revenue streams under one sector that is finance.

#### C. Compliance and Governance

- i. Non-Compliance with Statutory Requirements:





Up loading of revenue collected to IFMIS. Due to use of multiple systems and non-integration actual revenue per stream was not well established and as a result this was not updated in the Hyperion module of Account Receivable in IFMIS as required. However, with the new administration the County has now adopted one revenue management system.

- ii. On-going or potential court cases, default/material arrears in statutory/financial obligations. The county had laid down strategies to improve revenues and one of them was introduce a new valuation roll. This was to improve revenue collected through land rates however, this was stopped by aggrieved rate payers and as a result it delayed use of that strategy. Currently the county still uses 1982 valuation roll.
- iii. Any other issues

#### **4. Statement of Performance against County 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 The County Government of Nairobi 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.

##### **Strategic development objectives**

The County's 2021-2022 CIDP has identified 8 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III. The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Nairobi County's 2018-2022 CIDP are to;

- Provide clean energy, safe drinking water, waste management and sanitary services in a secure sustainable environment.
- Provide reliable, accessible, quality and affordable healthcare.
- Provide quality physical infrastructure in the city.
- Provide accessible, affordable and quality ECD and vocational opportunities for all.



**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

- Provide economic growth opportunities to diverse groups including youth, women, PWDs.
- Promote food and nutritional security for all.
- Promote good governance, public participation and rule of law.
- Increase access to affordable and quality housing.

**Progress on attainment of Development Objectives from Annual Development Plan (*Adopted from Nairobi County ADP*) - Customize as per specific county.**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Department	Objective	Outcome	Indicator	Performance
Finance and Economic Planning	To enhance resource mobilization	Increased revenue	Amount of revenue collected (Kshs)	Enacted Nairobi City County Finance Act 2022 Enacted Nairobi City county Revenue Administration Act 2021





## **5. Statement of Receiver of Revenue's Responsibilities**

Section 166 (1) of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 166 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

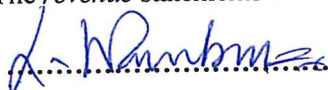
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue financial statements*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the period ended on **30th june, 2022**. This responsibility includes: (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 statement of assets and liabilities of the County Government of Nairobi, (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 County, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the *County Governments's receiver of revenue* accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *County's receiver of revenue* account gives a true and fair view of the state *of revenue* transactions during the period ended **30 june 2022**, and of the *County's* statement of financial assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *receiver of revenue account* as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the *County Government of Nairobi* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

## **Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Receiver of Revenue on 1<sup>st</sup> November 2022.



**Name: Larry Musyoka Wambua**  
**County Receiver of Revenue**  
*(Ref: PFM ACT section 165, 2(a))*



**Name Nixon Otieno**  
**Head of County Revenue**  
**ICPAK M/No 3384**



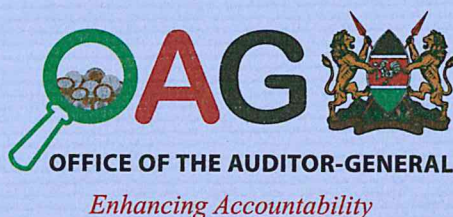
**Shaban Asman**  
**Head of revenue**  
**Reporting**





# REPUBLIC OF KENYA

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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE FOR COUNTY GOVERNMENT OF NAIROBI FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Receiver of Revenue for County Government of Nairobi set out on pages 16 to 34, which comprise of the statement of financial assets and liabilities as at 30 June, 2022, the statement of receipts and



disbursements, statement of comparison of budget and actual amounts, statement of arrears of revenue 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.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## **Basis for Disclaimer of Opinion**

### **1.0 Inaccuracies in the Financial Statements**

#### **1.1 Inaccurate Statement of Receipts and Disbursements**

The statement of receipts and disbursements reflects total own generated revenue amount of Kshs.8,958,551,072. Records provided by the revenue department revealed that the County collected own generated revenue amount of Kshs.8,972,609,800, resulting to an unreconciled variance of Kshs.14,058,728. Although the Management has explained this as returned County Revenue Fund Issues to the bank account from the previous financial year, this amount has not been disclosed as balance brought forward.

In addition, the Kenya Revenue Authority (KRA) financial statements reflects revenue collections of Kshs.8,967,423,181 while the statement of receipts and disbursements reflect own generated revenue amount of Kshs.8,958,551,072 resulting to an unexplained and unreconciled variance of Kshs.8,872,109.

In the circumstances, the accuracy and completeness of the total own generated revenue of Kshs.8,958,551,072 in the statement of receipts and disbursement could not be confirmed.

##### **1.1.1 Unsupported Miscellaneous Receipts**

The statement of receipts and disbursement reflects miscellaneous receipts of Kshs.820,956,054 while the statement of arrears of revenue reflects that revenue arrears received amounted to Ksh.394,142,434 resulting to an unsupported and unexplained variance of Kshs.426,813,620.

In the circumstances, the accuracy and completeness of miscellaneous receipts Kshs.820,956.054 could not be confirmed.

##### **1.1.2 Failure to Disburse to the County Revenue Fund**

The statement of receipts and disbursements reflects total revenue of Kshs.8,958,551,072 while the same statement indicates that Nil amount was disbursed to the County Revenue Fund. Management under Note 17 to the financial statement has disclosed that the receiver of revenue had arrangement to transfer funds from local banks



and Kshs.8,891,129,037 was transferred during the year under review, resulting to a unexplained variance of Kshs.67,422,034 as funds not transferred to the County Revenue Fund.

In addition, the statement of financial assets reflects unspent bank balance of Kshs.897,688,736 as at 30 June, 2021, current year collections of Kshs.8,958,551,072 and disbursements of Kshs.8,891,129,037, resulting to unremitted balance of Kshs.965,110,771 while the bank balances reflect Kshs.1,489,166,265 resulting to a unexplained and unreconciled variance of Kshs.524,055,494.

In the Circumstances, the accuracy and validity of Nil amount disbursed to County Revenue Fund could not be confirmed.

### **1.1.3 Unsupported and Unreconciled Cash and Bank Balances**

The statement of financial assets and liabilities reflects cash balances Kshs.1,489,166,265 while Note 18 reflects Kshs.26,919,997 resulting to unsupported, unexplained and unreconciled bank balances of Kshs.1,462,246,268 . In addition, bank statements, bank certificates, bank reconciliation statements, and cash books in support of the cash and cash equivalents balance were not provided for audit.

In the circumstances, the accuracy, completeness and validity of bank balances Kshs.1,489,166,265 could not be confirmed.

### **1.2 Undeclared and Unremitted Revenue**

The statement of receipts and payments reflects County own generated revenue amount of Kshs.8,958,551,072. However, the revenue excludes an amount of Kshs.265,864,886 (2021 - Kshs.501,849,629) collected by the Nairobi City County Alcoholic Drinks and Licensing Board. According to Regulation 80 of Public Finance Management (County Governments) Regulations, 2015 the receipts comprise of revenue for the County Government and ought to have been remitted to the County Revenue Fund (CRF) and disclosed in the financial statements.

In the circumstances, County own generated revenue of Kshs.8,958,551,072 could not be confirmed.

### **1.3 Underdeclared Revenue**

According to a letter dated 19 May, 2022 from a local bank revealed that Nairobi City County Executive owed the bank an amount of Kshs.566,278,045. Included in this amount is Kshs.205,916,618 in respect of general collections for five (5) months between 1 September, 2021 and 31 January, 2022. In addition, the amount excludes the main revenue stream in respect of land rates, parking and single business permits collected by the Kenya Revenue Authority (KRA) – Nairobi Revenue Sure (NRS) system.

The commission charged by the bank for the two transactions totalling to Kshs.205,916,618, for funds collected at a rate of 4.25%, relates to completed revenue transactions of approximately Kshs.4,845,096,894 ( $100 \times 205,916,618 / 4.25$ ) for five (5)



months. Review of records provided by the County Management revealed that an amount of Kshs.1,463,972,793 was reported to have been collected by the two (2) institutions (NBK Revenue Sure and LAIFORMS) for the same period between 1 September, 2021 and 31 January, 2022, resulting to an under declaration of Kshs.3,381,124,101 for the five (5) months.

In the absence of a reconciliation between the two sets of records, it was not possible to confirm the accuracy and completeness of the revenue declared and reported in the financial statements.

#### **1.4 Underdeclared Market Entry Fees**

The statement of receipts and disbursement reflects market fees amount of Kshs.344,101,060 and as disclosed in Note 6 to the financial statements. However, detailed Mpesa transactions provided in respect of the markets entry fee revealed that the amount collected amounted to Kshs.1,632,101,453, resulting to an unexplained and unreconciled variance of Kshs.1,288,000,393.

In addition, the receiver for revenue collection contract between Kenya Revenue Authority and Nairobi Metropolitan services was not provided for audit and therefore it was not possible to determine the compliance with terms and conditions of the contract.

In the circumstances, the accuracy and completeness of market fees of Kshs.344,101,060 could not be confirmed.

#### **1.5 Unsupported and Unremitted Revenue from Nairobi Metropolitan Services**

Review of records provided revealed that a Kenya Revenue Authority (KRA) local bank account was used to collect revenue in line with the deed of transfer of functions from the County Government of Nairobi to the Nairobi Metropolitan Services (NMS). At the closure of the eleventh (11) month, revenue totalling Kshs.973,686,101 had been collected through this bank account, but only Kshs.963,128,313 was remitted to the CRF account, resulting to an unremitted amount of Kshs.10,557,788. In addition, an unquantified amount of collection for the month of June, 2022 was not remitted to the account. No explanation was provided for failure to make remittances for June, 2022.

Further, records and details of the total revenue collected and remitted by KRA in line with the deed of transfer of functions, including records in respect of the number of businesses registered in the year, the amount charged and collected, were not submitted to the County Government by the collecting entity and were also not provided for audit.

In the circumstances, the accuracy and completeness of the amount totalling to Kshs.973,686,101, reported to have been collected and declared for a period of eleven (11) months in the financial records could not be confirmed.

#### **1.6 Under Collection of Betting Lotteries and Gaming Activities Revenue**

The statement of receipts and disbursements reflects total revenue receipts of Kshs.8,959,551,072 for the year under review. Included in this amount is Kshs.9,356,250 collected under betting, lotteries and gaming activities. However, the Management did not



optimize collection of revenue from the betting, lotteries and gaming activities since 2013 financial year, when the betting activities were devolved to the County Government, resulting to low revenue collection. In addition, the Management did not account for any revenue from the pool tables whose quantity was not disclosed.

Request for records in respect to gaming, betting and lotteries were not provided for audit. In the absence of such records, it was not possible to establish the number and location of pool tables, fun fair, casinos and betting premises, and therefore it was not possible to quantify the potential revenue collection and actual revenue collected, during the year under review.

In addition, the Department did not have in place, a documented standard operating procedure in relation to issuance, inspection and enforcement of the terms of the betting licenses and in the absence of such standard procedures, it was therefore not possible to confirm control of such activities and collection of revenue collectable from them.

Further, comparison of the Nairobi City County Betting, Lottery and Gaming Act, 2021 (NCCBLG) and Nairobi City County Finance Act, 2020 (NCCF) revealed discrepancies in the fees charged for various categories of activities, as detailed below:

<b>Inconsistency Between the NCCBLG Act and NCCE Finance Act</b>			
<b>Item</b>	<b>Category</b>	<b>NCCBLG Act, 2021 (Kshs.)</b>	<b>NCCF Act, 2020 (Kshs.)</b>
Betting Premises Licenses	Annual Fee Per Premise	300,000	30,000
	Transfer/Location fee	100,000	10,000
Gaming (Casino) Premises License	Grant Fee	1,500,000	100,000
	Annual Fee	500,000	300,000
Totalizer Premise License	Grant Fee	500,000	200,000
	Annual Fee	200,000	100,000
Poll Table License	Application Fee	500	250
	Annual Fee	10,000	5,000
Amusement Machine	Application Fee	500	250
	Annual Fee	10,000	500

In the circumstances, the accuracy and completeness of the revenue collected from the betting, lottery and gaming revenue of Kshs.9,356,250 could not be confirmed.

### **1.7 Loss of Revenue Arising from Failure to Adhere to the Finance Act, 2013**

Review of revenue records revealed that the Management collected a total amount of Kshs.82,800 in respect of conveyance fee for the year under review. Records provided for audit revealed that one hundred and eight-nine (189) applications for lease renewal had been approved by the technical committee for extension. The expected total revenue realized at a rate of Kshs.30,000 per renewal is therefore Kshs.5,670,000, which differs with the Kshs.82,800 declared in the revenue records, resulting to a revenue loss of Kshs.5,587,200.

Further, trend analysis of information held in the Department revealed that the Department's revenue had declined over the last four (4) years, as detailed in the table below;

<b>Financial Year</b>	<b>Amount (Kshs)</b>
2018/2019	5,761,566
2019/2020	4,710,061
2020/2021	1,530,108
2021/2022	623,484

It is not clear, and Management did not explain the circumstances under which the revenue collections continued to decline in the four (4) financial years between 2018/2019 and 2021/2022. In addition, no explanation was provided for the understatement of the revenue collected.

In the circumstances, the accuracy, completeness and validity of Kshs.82,800 collected as conveyance fees during the year could not be confirmed.

### **1.8 Variance Between the Statement of Receipts and Disbursements and Revenue Statement**

The statement of receipts and disbursements and the revenue statement reflected variances under various items, as detailed in the table below;

<b>Description</b>	<b>Statement of Receipts and Disbursements Kshs.</b>	<b>Revenue Statement Kshs.</b>	<b>Variance Kshs.</b>
Land Rate	2,566,184,705	2,481,592,978	84,591,727
Single Business Permits	1,617,207,201	1,367,598,024	249,609,177
Parking Fees	1,386,204,434	1,877,868,787	(491,664,353)
Market Fee	344,101,060	381,581,650	(37,480,590)
Advertising	854,697,705	931,012,932	(76,315,227)
Hospital Fee	34,944,946	-	34,944,946
Physical Planning and Developments	601,522,281	592,874,934	8,647,347

No explanation or reconciliation was provided for the variances between the two sets of records.

In the circumstances, the accuracy, completeness of the statement of receipts and disbursement could not be confirmed.

### **1.9 Failure to Maintain a Ledger and a Trial Balance**

The statement of receipts and disbursements for the year under review reflects that the County Management collected revenue in form of fees, fines, penalties and other levies



amounting to Kshs.8,958,551,072. However, no trial balance and a ledger were maintained in support of these transactions.

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

### **1.10 Uncollected Revenue**

The statement of arrears of revenue reflects Kshs.1,485,392,828,075 whose supporting analysis, details of the aging were not provided for audit review. Further, the amount stated in a summary of the ageing analysis under Note 20 reflects a balance of Kshs.1,484,172,669,924, resulting to a unexplained and unreconciled variance of Kshs.1,220,158,151 .

The uncollected revenue referred above is significant, and Management has not indicated the measures they have taken to ensure that the all revenue due to the County is collected.

In the circumstances, the accuracy and completeness of arrears of revenue Kshs.1,485,392,828,075 could not be confirmed

### **2.0 Possible Loss of Funds Due to Premature Termination of Contract**

Nairobi City County Government (NCCG) entered into a contract with a local bank for provision of automated revenue collection and value-added financial services through contract No. NCC/FIN&ECO/G-G/1/2018-2019 on 10 June, 2019 for a period of five (5) years. The contract was for provision of Government revenue collection and management solutions, including automated revenue collection services to manage service delivery, monitor and track revenue assets, monitor and track revenue collection activities, seal revenue leakages and enforce payment for services delivered.

According to the deed of transfer of functions between the National Government and the Nairobi City County Government, as per the gazette notice No.1609 of 25 February, 2020, the National Government was bestowed the responsibility of collecting and remitting all revenue accruing from the transferred functions. The Kenya Revenue Authority (KRA) was appointed as the principal agent for overall revenue collection.

Nairobi Metropolitan Services (NMS) engaged Kenya Revenue Authority (KRA) as an agent for the collection of the NCCG revenue through a different platform. However, the City County Government did not provide the contract between the two (2) institutions, therefore, it was not possible to confirm the cost of the revenue collection services provided by the KRA to the NMS. The existing contract between the City County and the local bank was cancelled as per clause 16 of the letter Ref. NCC/CA/LK/131/E/22 dated 3 February, 2022

In their response to the City County of 24 February, 2022, the local bank indicated that they had invested heavily in the revenue collection system, including investment in various channels which were still active such as the mobile App, mobile short code service #235 and service web portal. In addition, the Bank stated that they had supplied over five

hundred (500) gadgets to various revenue staff members. However, the NCCG did not pay the bank a significant debt of Kshs.566,278,045, contrary to clause 16.4 of the agreement. The bank demanded immediate payment of the debt together with damages for breach of contract in relation to wrongful termination.

In the circumstances, the County Executive maybe exposed to loss of funds in case the affected parties consider to apply for litigation for immature termination of the contract.

### **3.0 Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.19,360,744,671 and Kshs.8,958,551,072 respectively, resulting to an under collection of Kshs.10,402,193,599 or 54% of the budget.

The under collection affected the funding of planned projects and activities, which impacted negatively on service delivery to the public

### **4.0 Non-Compliance with Law on Submission of Financial Statements**

The Management submitted financial statements for the year 2021/2022 on 3 November, 2022 contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management is in breach of the law.

In the circumstances, the financial statements are not prepared in accordance with the template prescribed by the Public Sector Accounting Standards Board (PSASB).

### **5.0 Gaps in Revenue Collection Platforms**

According to the deed of transfer of functions between the National Government and the Nairobi City County Government, as per the gazette notice No.1609 of 25 February, 2020, the National Government was bestowed the responsibility of collecting and remitting all revenue accruing from the transferred functions. The Kenya Revenue Authority (KRA) was appointed as the principal agent for overall revenue collection, which was collected through the Authority's local bank account, in line with the deed of transfer of functions.

However, the Nairobi City County Executive has three (3) platforms which remit the collections from three (3) banks as highlighted below;

- i. Local Authorities Integrated Financial Operations Management System (LAIFORMS) developed by Nairobi City Council and linked to Cooperative Bank and mostly utilized on cash payments to the banks in the Nairobi City County offices.



- ii. Revenue Sure Platform developed by National Bank of Kenya. This platform uses \*235#, a link to the National Bank of Kenya Account.
- iii. Nairobi Revenue Sure (NRS) developed by the Kenya Revenue Authority which was an agent of NMS for collection of revenue from Nairobi County residents, following the transfer of functions deed. Its payment platform was \*647#, linked to Equity Bank. However, the following observations were made;
  - i. Although the three (3) platforms channel their collections to County Revenue Fund, they were not integrated to run parallel. Two platforms, RSP and LAIFORMS are controlled by the Nairobi City County Executive while NRS is controlled by Nairobi Metropolitan Services. No reconciliation was carried out for the revenue which was remitted by the Management to the CRF account against what was actually collected. In addition, the Management did not have a legal framework to guide the collection of revenue.
  - ii. Nairobi City County Executive entered into a contract with a local bank for provision of automated revenue collection and value-added financial services as per contract No. NCC/FIN&ECO/G-G/1/2018-2019 on 10 June, 2019 for five (5) years. However, following the signing of the deed of transfer of functions, NMS engaged KRA as an agent for collection of the NCCE revenue through a different platform, the Nairobi Revenue System (NRS). This prompted a pre-mature termination of the existing contract with the local bank, as per letter Ref. NCC/CA/LK/131/E/22 of 3 February, 2022. Management indicated that the local bank revenue collection platform of Revenue Sure (\*235#) was closed and not in operation. However, a test of the system indicated that the platform was still in operation. This poses a risk that the system was still collecting revenue which is not being remitted to the County. Further, there was no evidence that the public were informed of the closure of the platform, resulting in possibility of continued use of the platform to date.

Further, the contract between the County and the bank was signed by an external lawyer. However, no details of how the external lawyer was engaged was provided for audit. The circumstances under which the County Attorney was not involved in witnessing the execution of the document was also not explained.

In the circumstances, it was not possible to confirm whether the contract between the County and the local bank was actually terminated, thus leaving no loopholes for revenue leakage.

- iii. The County engaged three (3) service providers LAIFORM, NRS and KRA Sure, for revenue collection. However, Management did not provide documents in support of the procurement process of the service providers. These documents include; requisition from the user, specifications, tender documents, tender opening minutes, evaluation reports, opinion from the head of procurement, advertisement, procurement method used, letter of award, letter of acceptance, and letters of regret to those unsuccessful, for audit.



In addition, contract documents for LAIFORMS and NRS platforms were not provided for audit. Further, the County continued to use an outdated LAIFORMS revenue collection system which had not been updated since it was developed, to meet the needs of the changing environment and County Government functions. This may have resulted in inefficient services to the public, resulting to loss of revenue collected.

- iv. The Management did not provide records detailing the fees paid or owed to the system vendors, as an indication of the cost of the system.

In view of the inefficiencies, it was not possible to confirm the terms of revenue collection agreed on between the three (3) institutions described above. Similarly, in the absence of procurement documents describe above, it was also not possible to confirm whether the three (3) service providers were procured in accordance with prescribed procurement procedures.

- v. The County Management paid Kshs.6,750,000 to a consulting company for consultancy services for creation of the database for Nairobi City County Government Markets, vide payment voucher No.38918 as per contract No. NCC/CTC/MKTS/VOL.11/1/2021 of 9 March, 2021. However, Management did not provide revenue collection documents maintained by its ICT Department in relation to revenue collected through the NRS, LAIFORM and National Bank of Kenya, for audit .

In the absence of the revenue records , value for money on the expenditure amount of Kshs.6,750,000 could not be confirmed.

- vi. One of the City County's goals was to enhance revenue collection through implementation of an E-payment solution. However, this has not been achieved but on the contrary, revenue collected has declined during the six (6) financial years between 2016/2017 and 2021/2022, as summarized in the table below;

S/No.	Financial Year	Amount Kshs.
1.	2016/2017	10,929,830,353
2.	2017/2018	10,053,363,864
3.	2018/2019	10,147,236,077
4.	2019/2020	8,523,449,021
5.	2020/2021	9,711,076,181
6.	2021/2022	8,958,551,070

From the above analysis, revenue collection has continued to decline significantly after full adoption of electronic cash collection platforms. The ICT department did not provide details of sources of revenue generating streams, which raises the question of whether the Department was involved in the system development.

In addition, the department did not have the capacity to design, develop, install and test software, which resulted to high reliance on third parties to perform the functions. The lack of capacity described above not only resulted in additional costs to the County but also resulted to lack of administrative control on the systems' operations and data

management. The lack of inhouse capacity resulted in high reliance on Nairobi Revenue System and Revenue Sure developed by KRA and the bank, respectively.

In the circumstances, the validity, efficiency, legality, accuracy and completeness of the revenue of Kshs.8,958,551,070, collected from the one hundred and forty-one (141) revenue streams of the County could not be confirmed.

## **6.0 Inadequate Maintenance of Records by Enforcement Department**

The Compliance and Enforcement Department of the County Executive issues enforcement notices and undertakes any other enforcement action in relation to physical development. However, review of the Department's records revealed that the registers were old and mutilated and lacked backup copies. The records include; reports on arrests, court cases, notices, demolitions and complaints. Therefore, the information contained in the registers, though critical to the operations of the Department, was not maintained in a secure way, with ease of retrieval.

Failure to maintain proper and up to date records by Management contravened Section 149(2)(c) of the Public Finance Management Act, 2012 which requires Accounting Officers to protect and back-up all financial and accounting records in their respective entities.

In the circumstances, Management was in breach of the Law.

## **7.0 Inadequate Internal Controls**

Records provided for audit revealed that Management has various policies at draft level, as listed below;

- i. Conveyancing Document Policy
- ii. Sector Scheme of Service and Staff Progress Guidelines
- iii. Nairobi City County Procedure Manual
- iv. Policy on Renewal of Subleases of County Land
- v. Policy on Management of County Property
- vi. Nairobi City County Trade License Policy
- vii. Information and Communication Technology (CT) Policy

It was not clear, and Management did not provide reasons as to why policies were not approved and implemented on time.

In the circumstances, the level of internal controls in respect to collection and accountability for own generated revenue could not be confirmed.



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

### Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to dissolve the County Executive or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and overall governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Receiver of Revenue (ROR) for County Government of Nairobi 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.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**10 February, 2023**





**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

**7. Statement of Receipts and Disbursement for The Period ended 30<sup>th</sup> June 2022**

	Not e	Period ended 30 <sup>th</sup> June 2022	Comparative period prior year 2021
		Kshs	Kshs
<b>County Own Source Revenue</b>			
Cess	1	318,747,577	345,522,616
Land/Poll Rate	2	2,566,184,705	2,781,746,174
Single/Business Permits	3	1,617,207,201	1,753,053,837
Property Rent	4	97,789,488	106,003,879
Parking Fees	5	1,386,204,434	1,530,211,097
Market Fees	6	344,101,060	373,005,811
Advertising	7	854,697,705.00	854,505,765.00
Hospital Fees	8	34,944,946	37,880,348
Public Health Service Fees	9	191,272,222	207,339,235
Physical Planning and Development	10	601,522,281.00	723,973,581.00
Hire Of County Assets	11	16,981,233	18,407,669
Conservancy Administration	12	1,309,040	1,419,000
Administration Control Fees and Charges	13	59,282,837	64,262,640
Park Fees	14	38,960	106,460
Other Fines, Penalties, And Forfeiture Fees	15	47,311,329	23,721,081
Miscellaneous receipts	16	820,956,054	
<b>Total County Own Source Revenue</b>		<b>8,958,551,072</b>	<b>8,821,159,193</b>



**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

<b>Other Receipts</b>			
Donations/Grants Not Received Through CRF	17	000	000
<b>Total Other Receipts</b>		<b>000</b>	<b>000</b>
<b>Total Receipts</b>		<b>8,958,551,072</b>	<b>8,821,159,193</b>
Balance b/f at the beginning of the year **		-	-
<b>Disbursements To CRF</b>		-	-
<b>Balance Due for Disbursement as at the end of the period</b>		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The annual financial statements were approved on 1<sup>st</sup> November 2022 and signed by:



**Name; Larry Musyoka Wambua**  
**County Receiver of Revenue**  
*(Ref: PFM ACT section 165, 2(a))*



**Name Nixon Otieno**  
**Head of County Revenue**  
*ICPAK M/No 3384*



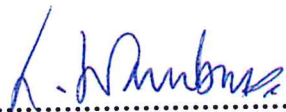
**Shaban Asman**  
**Head of revenue**  
**Reporting**



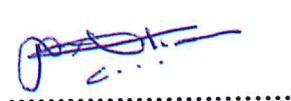
8. Statement of Financial Assets and Liabilities as at 30<sup>TH</sup> JUNE, 2022

	Note	2021-2022	2020/2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	18	1,489,166,265	897,688,736
Cash In Hand	19	-	-
<b>Total Financial Assets</b>		<b>1,489,166,265</b>	<b>897,688,736</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	20	00	00
<b>Total Financial Liabilities</b>		<b>00</b>	<b>00</b>

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 1<sup>st</sup> November 2022 and signed by:



Name: Larry Musyoka Wambua  
County Receiver of Revenue  
(Ref: PFM ACT section 165, 2(a))



Name Nixon Otieno  
Head of County Revenue  
ICPAK M/No 3384



Shaban Asman  
Head of revenue  
Reporting





**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

**9. Statement of Comparison of budget vs Actual Amounts for the Period Ended June 30 2022**

Receipt	Original annual Budget	Adjustments	Final Budget	Actual Cumulative to date 30 June 2022	% Of realization of revenue
	A	B	C=A+B	D	F=D/C %
<b>County Own Source Revenue</b>	Kshs	Kshs	Kshs	Kshs	
Cess	180,000,000	00	180,000,000	318,747,577	177.08
Land/Poll Rate	7,208,283,311	00	7,208,283,311	2,566,184,705	35.60
Single/Business Permits	2,750,000,000	00	2,750,000,000	1,617,207,201	58.81
Property Rent	624,500,000	00	624,500,000	97,789,488	15.66
Parking Fees	3,025,000,000	00	3,025,000,000	1,386,204,434	45.82
Market Fees	986,470,000	00	986,470,000	344,101,060	34.88
Advertising	1,200,000,000	00	1,200,000,000	854,697,705.00	71.22
Hospital Fees	215,000,000	00	215,000,000	34,944,946	16.25
Public Health Service Fees	487,871,000	00	487,871,000	191,272,222	39.21
Physical Planning and Development	1,500,000,000	00	1,500,000,000	601,522,281.00	40.10
Hire Of County Assets	26,035,360	00	26,035,360	16,981,233	65.22
Conservancy Administration	65,000,000	00	65,000,000	1,309,040	2.01
Administration Control Fees and Charges	26,035,360	00	26,035,360	59,282,837	227.70
Park Fees	1,000,000	00	1,000,000	38,960	3.90
Other Fines, Penalties, And Forfeiture Fees	765,549,640	00	765,549,640	47,311,329	6.18
Miscellaneous Receipts	300,000,000	00	300,000,000	820,956,054	273.65
<b>Total County Own Source Revenue</b>	19,360,744,671	00	19,360,744,671	8,958,551,072	
<b>Other Receipts</b>	00	00	00	00	00
Donations /Grants Not Received Through CRF	00	00	00	00	00
<b>Total Other Receipts</b>	00	00	00	00	00
<b>Total Receipts</b>	19,360,744,671	00	19,360,744,671	8,958,551,072	00





**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

**10. Statement of Arrears of Revenue as at JUNE 30, 2022**

<b>Classification Of Receipts (Indicate As Applicable)</b>	<b>Balance as at 1<sup>st</sup> July 2021<sup>-1</sup></b>	<b>Arrears received during the period</b>	<b>Additions in arrears for the current period to xx(state the period)</b>	<b>Total arrears as at end 30<sup>th</sup> June</b>
SUNDRY DEBTORS	592,165,564	-	267,897,873	860,063,437
RENTAL HOUSES-EOTE	91,588,684	-	268,506,029	360,094,713
RENTAL HOUSES- EASTLANDS	254,129,096	-	166,588,479	420,717,575
RENTAL MARKET STALLS/TPS	94,782,336	-	59,981,076	154,763,412
LAND RATES	1,157,787,656,964	-	321,921,332,451	1,479,708,989,415
LOADING ZONES- PRIVATE	-	-	16,740,000	16,740,000
LOADING ZONES-GOK	449,960,000	-	363,960,000	813,920,000
OA& BILLBOARDS	333,667,701	-	8,097,604	341,765,306
SINGLE BUSINESS PERMITS	806,519,500	257,118,000	-	549,401,500
OUTSTANDING IMPRESTS	-	-	-	-
WAY LEAVES	226,893,711	137,024,434	-	89,869,277
KPLC	856,345,290	-	-	856,345,290
SUNDRY DEBTORS	592,165,564	-	267,897,873	860,063,437
RENTAL HOUSES-EOTE	91,588,684	-	268,506,029	360,094,713
<b>Total Arrears</b>	<b>1,162,177,463,094</b>	<b>394,142,434</b>	<b>323,609,507,414</b>	<b>1,485,392,828,075</b>



## **11. Accounting Policies**

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

### **1. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government of Nairobi. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Nairobi City County. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the County.

### **2. Recognition of Receipts**

The County recognises all receipts from the various sources when the related cash has been received by the county.

### **3. Budget**

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly for the period 1st July 2021 to 30 June 2022 as required by law. There was number of supplementary budgets passed in the period. A high-level assessment of the County's actual performance against the comparable budget during the period under review has been included in these financial statements.

### **4. 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 revenue collection accounts held at Commercial banks.





## 12. Notes To the Financial Statements

### 1. CESS

Description	Period ended 30 <sup>TH</sup>	Comparative period prior year
	June 2022	
	<b>Kshs</b>	<b>Kshs</b>
Farm produce	293,050,219	318,395,898
Quarrying	20,063,960	26,004,701
Livestock	-	-
Fish farming	-	-
Others (decentralization)	5,633,398	1,122,017
<b>Total</b>	<b>318,747,577</b>	<b>345,522,616</b>

### 2. Land/Poll rates

Description	Period ended 30 <sup>TH</sup>	Comparative period prior year
	June 2022	
	<b>Kshs</b>	<b>Kshs</b>
Land rates	2,566,184,705	2,781,746,174
Land penalties and interest	-	-
Arrears	-	-
<b>Total</b>	<b>2,566,184,705</b>	<b>2,781,746,174</b>





### 3. Single /Business Permits

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Business permit application fees	1,617,207,201	1,753,053,837
Annual Business permit fees	-	-
Business permit penalties and interest	-	-
Business permit fees arrears	-	-
<b>Total</b>	<b>1,617,207,201</b>	<b>1,753,053,837</b>

### 4. Property Rent

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
County Housing	17,044,517	22,411,093
Plot Rent	77,485,503	76,833,314
Tenancy Agreement	2,850,968	5,359,320
Transfer of Property	-	-
Stalls/kiosks rent	-	-
Others (rent eviction)	408,500.00	1,400,152.00
<b>Total</b>	<b>97,789,488</b>	<b>106,003,879</b>



Notes to the Financial Statements continued)

5. Parking Fess

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Street parking fees	377,774,779.00	420,899,754.35
Monthly toll/sticker fees	743,341,529.00	746,111,467.85
Motorbike fees		
Registration fees		
Reserved parking	244,514,711.00	345,111,499.00
Bus Park fees	20,573,415.00	18,088,376.00
Others ( <i>Specify</i> )		
<b>Total</b>	<b>1,386,204,434</b>	<b>1,530,211,097</b>

6. Market Fees

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Market entry fees	344,101,060.00	373,005,811.00
Hawking fees	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>344,101,060.00</b>	<b>373,005,811.00</b>





Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Branding		
Billboard advertising	854,697,705.00	854,505,765.00
Signage		
Roadshows		
Banners		
Posters		
Tent advertising		
Street pole/clock advertising		
others ( <i>Specify</i> )		
<b>Total</b>	<b>854,697,705.00</b>	<b>854,505,765.00</b>

8. Hospital Fees

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Level 5 hospitals		
Level 4 hospitals	34,944,946	37,880,348
Others ( <i>Specify</i> )		
<b>Total</b>	<b>34,944,946</b>	<b>37,880,348</b>



### 9. Public Health Service Fees

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Inspection of buildings/premises/Institutions	3,970,100.00	4,070,750.00
Inspection for issuance of hygiene license	32,870,840.00	54,676,165.00
Vaccination: Yellow fever, Typhoid, etc	1,029,700.00	18,306,654.00
Applications for medical examination	118,419,155.00	91,148,523.00
Sanitation inspection for schools	8,196,883	0
Public health permit	23,255,972.00	35,619,823.00
Rodent Control/Fumigation	3,081,572.00	3,000,000.00
Others ( <i>birth and death certificate</i> )	448,000.00	517,320.00
<b>Total</b>	<b>191,272,222</b>	<b>207,339,235</b>

### 10. Physical Planning and Development

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Sale of County planning documents		
Land valuation and registration fees		
Change / Renewal of user		
Building plans approval	554066361.9	598502646
Signboards		
Occupational Permits		
Enforcement / Demolition	46,247,933.15	123,262,135.00
Architectural designs by county officers		
Hoarding fees	48,986.00	79,800.00
Others (Survey fee)	1,159,000.00	2,129,000.00
<b>Total</b>	<b>601,522,281.00</b>	<b>723,973,581.00</b>





### 11. Hire Of County Assets

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)		
Hire of Machines and Equipment		
Hire of County Stadia	16,981,233	18,407,669
Hire of County Halls		
Conference facilities/Agricultural Training Centers (ATC)		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>16,981,233</b>	<b>18,407,669</b>

### 12. Conservancy Administration

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Refuse disposal fees		
Dumpsite fees	1,309,040	1,419,000
Sewerage fees		
Sale of seedlings		
Public cemetery		
Disposal of carcasses		
Noise control		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>1,309,040</b>	<b>1,419,000</b>



**13. Administration Control Fees and Charges**

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Weights and measures	2,486,600.00	4,405,400.00
Fire Services	47439987	58742410
Liquor licenses		
Betting levy	9,356,250.00	1,114,830.00
Others ( <i>Specify</i> )		
<b>Total</b>	<b>59,282,837.00</b>	<b>64,262,640.00</b>

**14. Park Fees**

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Lodge Tariffs and levies		
Park entry fees		
Filming and Photography fees	38,960.00	106,460.00
Camping fees		
Balloon landing fees		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>38,960</b>	<b>106,460</b>





#### 15. Other Fines, Penalties and Forfeitures

Description	Period ended 30 <sup>TH</sup> June 2022	Comparative period prior year
	Kshs	Kshs
Impounding Fees	20,192,900.00	3,114,700.00
Towing Fees	26,067,229.00	12,379,491.00
Others (clamping)	1,051,200.00	8,226,889.80
<b>Total</b>	<b>47,311,329.00</b>	<b>23,721,080.80</b>

#### 16. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

SUNDRY DEBTORS	860,063,437
RENTAL HOUSES-EOTE	360,094,713
RENTAL HOUSES-EASTLANDS	420,717,575
RENTAL MARKET STALLS/TPS	154,763,412
LAND RATES	1,479,708,989,415
LOADING ZONES-PRIVATE	16,740,000
LOADING ZONES-GOK	813,920,000
OA& BILLBOARDS	341,765,306
SINGLE BUSINESS PERMITS	549,401,500
WAY LEAVES	89,869,277
KPLC	856,345,290
<b>TOTALS</b>	



**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

**17. Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. *(Include the receiver's actual policy on disbursements)*

<b>2021/2022 FY</b>	<b>COOPERATIVE BANK</b>	<b>NATIONAL BANK</b>	<b>MPESA</b>	<b>EQUITY BANK</b>
JULY	290,302,323.33	33,401,749.00	100,792,851.00	35,742,146.00
AUGUST	272,867,085.55	30,214,404.00	97,354,880.00	38,220,450.00
SEPTEMBER	318,833,802.40	20,305,663.00	98,610,711.00	37,380,940.00
OCTOBER	422,249,122.30	34,672,826.00	99,963,901.00	193,399,578.20
NOVEMBER	420,934,319.00	57,903,080.00	91,144,185.00	128,611,361.00
DECEMBER	600,106,110.38	64,182,241.00	70,566,312.00	86,461,381.00
JANUARY	967,271,643.00	123,883,548.00	185,850,593.00	113,177,468.40
FEBRUARY	862,870,250.40	16,358,941.00	34,812,023.00	76,800,626.00
MARCH	1,310,967,980.40	19,893,828.00	31,603,636.00	83,437,432.00
APRIL	364,641,430.35	4,049,968.00	27,696,957.00	73,478,804.00
MAY	337,222,310.79	3,135,105.00	25,226,578.00	103,252,369.00
JUNE	346,975,426.00	2,705,250.00	18,718,574.00	112,876,874.00
<b>TOTALS</b>	<b>6,515,241,803.90</b>	<b>410,706,603.00</b>	<b>882,341,201.00</b>	<b>1,082,839,429.60</b>





### 18. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	As at 30 June 2022	Prior Year audited
			Kshs	Kshs
National Bank, KRA-Nairobi City County Revenue Collection Account 01071225251100	kshs	-	642,524	-
Cooperative Bank, KRA-Nairobi City County Revenue Collection Account 1141709410000	kshs	-	16,168,908	-
Equity Bank, KRA-Nairobi City County Revenue Collection Account 1770279910476	kshs	-	10,108,565	-
Balance due to CRF as at 30.6.2022			14,058,728.45	
<b>Total</b>			<b>40,978,725.45</b>	

### 19. Payables- Due To CRF

Payables	As at 30 June 2022	Prior Year audited
	Kshs	Kshs
Balance b/f at the beginning of the year		
Amount collected during the period	8,972,609,800.45	-
Amounts disbursed to CRF during the period	8,958,551,072.00	-
<b>Balance c/d at the end of the period</b>	<b>14,058,728.45</b>	<b>-</b>



Notes To the Financial Statements (Continued)

20. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
SUNDRY DEBTORS	0	0	0	860,063,437	860,063,437
RENTAL HOUSES-EOTE	0	0	0	360,094,713	360,094,713
RENTAL HOUSES-EASTLANDS	0	0	0	420,717,575	420,717,575
RENTAL MARKET STALLS/TPS	0	0	0	154,763,412	154,763,412
LAND RATES	0	0	0	1,479,708,989,415	1,479,708,989,415
LOADING ZONES-PRIVATE	0	0	0	16,740,000	16,740,000
LOADING ZONES-GOK	0	0	0	813,920,000	813,920,000
OA& BILLBOARDS	0	0	0	341,765,306	341,765,306
SINGLE BUSINESS PERMITS	0	0	0	549,401,500	549,401,500
OUTSTANDING IMPRESTS	0	0	0	0	0
WAY LEAVES	0	0	0	89,869,277	89,869,277
KPLC	0	0	0	856,345,290	856,345,290
SUNDRY DEBTORS	0	0	0	860,063,437	860,063,437
RENTAL HOUSES-EOTE	0	0	0	360,094,713	360,094,713
<b>Total Arrears</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,484,172,669,924</b>	<b>1,484,172,669,924</b>






**Receiver Of Revenue**  
**County Government of Nairobi**  
**Revenue Statements for the Financial Year Ended 30<sup>th</sup> June, 2022**

13. Appendices

**Appendix 1: Statement of Receipts and Disbursements Per Quarter**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative to date Period ended 2022
				Kshs	Kshs
<b>County Own Source Revenue</b>					
Land Rates	172,219,574	680,792,534	1,400,490,317	228,090,552	2,481,592,978
Parking fees (total)	358,406,316	508,685,658	570,558,481	440,218,332	1,877,868,787
Single Business Permits	106,005,662	318,811,712	809,079,598	133,701,052	1,367,598,024
Plans and Inspections (Building Permits)	141,912,534	174,749,504	142,284,423	133,928,473	592,874,934
Billboards and advertisements	185,545,549	212,635,139	366,143,723	166,688,521	931,012,932
House and Stall Rent	99,272,854	93,762,226	133,714,559	112,350,737	439,100,376
Fire Inspection Certificates	19,653,155	36,934,945	115,415,082	20,994,547	192,997,729
Food Handlers Certificates	31,391,465	29,991,157	49,860,452	23,342,804	134,585,878
Markets	102,864,602	99,205,609	101,169,065	78,342,374	381,581,650
Other Incomes	156,756,494	138,917,295	138,212,269	139,510,455	573,396,512
<b>Other Receipts</b>					
Donations/Not Received Through CRF	00	00	00	00	00
<b>Total Other Receipts</b>	00	00	00	00	00
<b>Total Receipts</b>	1,374,028,205	2,294,485,779	3,826,927,969	1,477,167,847	8,972,609,800
<b>Disbursements To CRF</b>					
<b>Balance for Disbursement as at the end of the period</b>					

  
.....

**Name: Larry Musyoka Wambua**  
**County Receiver of Revenue**  
*(Ref: PFM ACT section 165, 2(a))*

  
.....

**Name Nixon Otieno**  
**Head of County Revenue**  
**ICPAK M/No 3384**

  
.....

**Shaban Asman**  
**Head of revenue**  
**Reporting**

