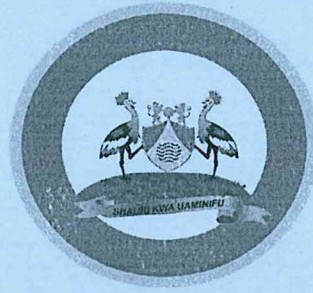


GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

(SECOND SESSION)



NCCA/TJ/PL/2023(56)

PAPER LAID

SUBJECT: REPORT OF COMMITTEE

Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Thursday 22nd June 2023.

— THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30TH JUNE 2020.

(Chairperson, Select Committee on Public Accounts)

Copies to:

The Speaker

The Clerk

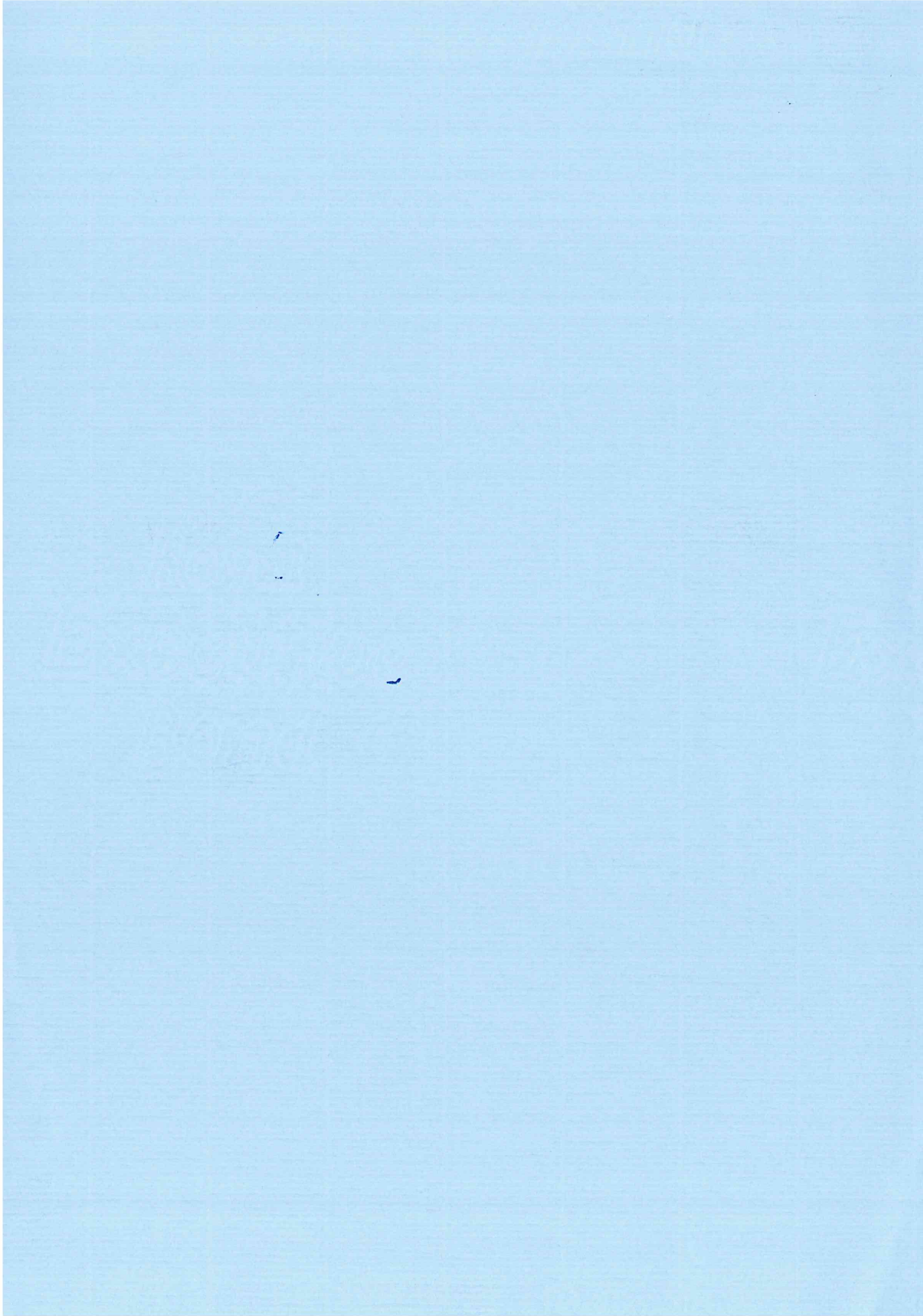
Hansard Editor

Hansard Reporters

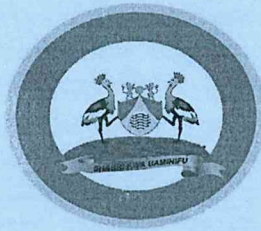
The Press

*Papers laid by Hon. Mwambi Digo, MCA
on 22nd June, 2023.*

[Signature]
22nd June 2023.



GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY
(SECOND SESSION)

22nd June 2023

NOTICE OF MOTION

Subject: Adoption of report

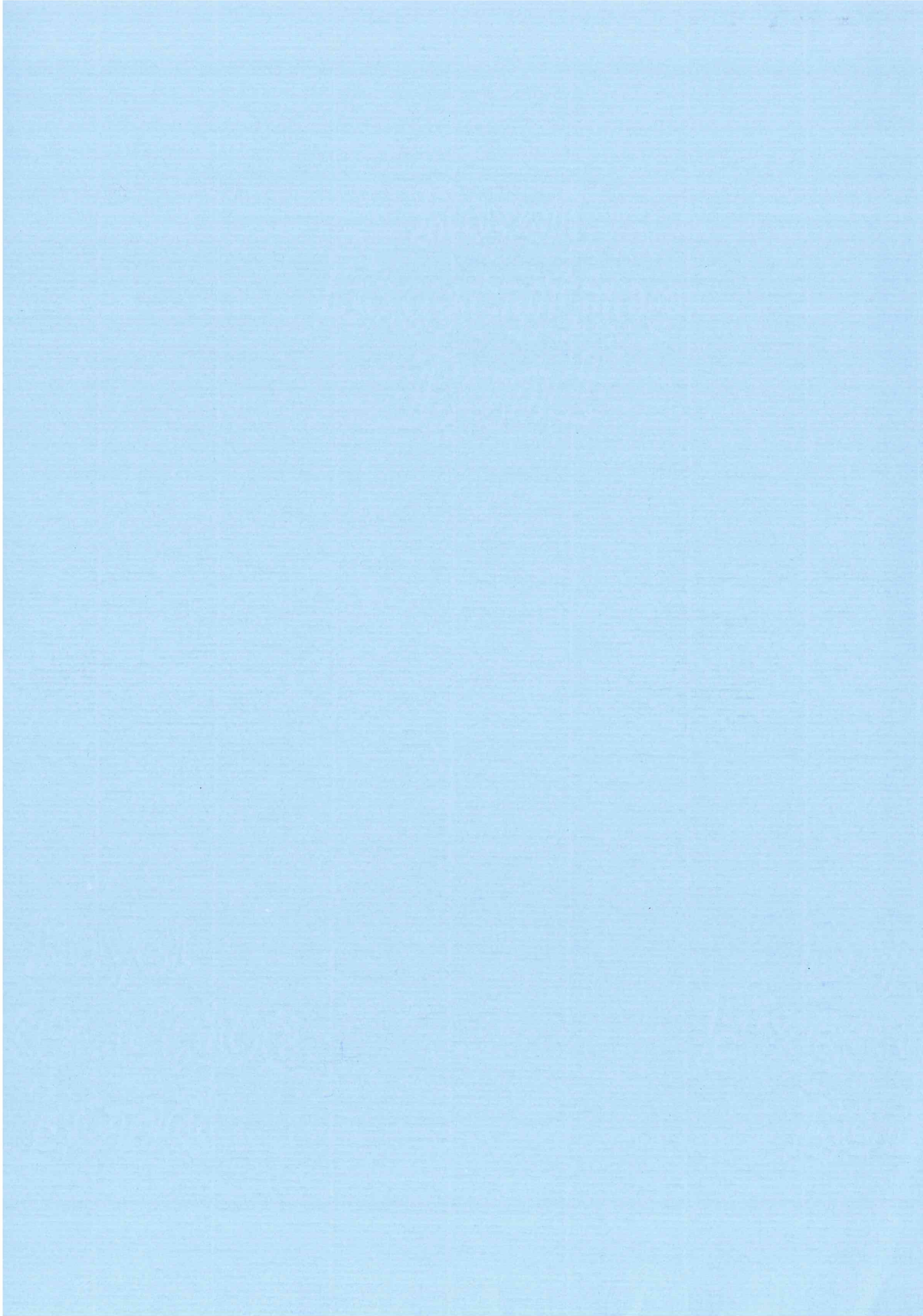
Hon. Speaker, I beg to give notice of the following motion:-

- **THAT**, this Assembly adopts **THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30TH JUNE 2020**, laid on the table of the Assembly today, Thursday, 22nd June 2023.

(Chairperson, Select Committee on Public Accounts)

*Notice of Motion issued by
Hon. Mwaka Ngũgĩ, MCA on
22nd June, 2023
[Signature]
22/6/2023*

**NCCA
APPROVED**
22 JUN 2023
SIGN: HON. SPEAKER
[Signature]



NAIROBI CITY COUNTY GOVERNMENT



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – SECOND SESSION

THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS

ON

CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON NAIROBI
CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE
YEAR ENDED 30TH JUNE 2020.

Report laid on the table of
the Assembly by Hon. Minister
deputy, Max on 22nd June 2023.
[Signature]
02/06/23.

Clerks Chambers

Nairobi City County Assembly

City Hall Buildings

NAIROBI

JUNE, 2023

TABLE OF CONTENTS

1.0. PREFACE.....	2
1.1. Mandate of the Public Accounts Committee	2
1.2. Guiding principles.....	2
1.3. Obligations of the Accounting Officer.....	3
1.4. Committee Membership	4
1.5. Background.....	5
1.6. Establishment of the Fund	5
1.7. Auditor-General's Responsibility	6
1.8. Evidence taken	6
1.9. Key Issues and Recommendations	6
1.10. Appreciation.....	7
2.0. CONSIDERATION OF THE AUDIT REPORT OF THE AUDITOR GENERAL	9
2.1. Non- Compliance with Law on Submission of Financial Statements	9
2.2. Presentation and disclosure of Financial Statements	10
2.3. Unsupported Receipts and Payments.....	10
2.3.1 Unsupported Vouchers (Unsupported Allowances Kshs. 96,586,552.50).....	11
2.3.4 Unauthorized Payments by Non AIE Holder- Kshs.77,684,054.....	15
3.0. SUMMARY OF ALL RECOMMENDATIONS	20
3.1 Non- Compliance with Law on Submission of Financial Statements	20
3.2 Presentation and disclosure of Financial Statements	20
3.7 Unauthorized Payments by Non AIE Holder- Kshs.77,684,054	22
4.0. ANNEXURES.....	25

1.0. PREFACE

Hon. Speaker,

On behalf of the Public Accounts Committee (PAC) and pursuant to the provision of Standing Order 196(6), it is my pleasant privilege and honor to present to this Assembly this report of the Public Accounts Committee on the consideration of the *“Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year ended 30th June 2020”*.

1.1. Mandate of the Public Accounts Committee

The Public Accounts Committee derives its mandate from Standing Order 203 (2) of the Nairobi City County Assembly, which provides that:-

“The Public Accounts Committee shall be responsible for the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit”.

The primary mandate of the Committee is therefore to oversight the expenditure of public funds by Nairobi City County entities, to ensure value for money and adherence to government financial regulations and procedures. The Committee further aims at ensuring that Nairobi City County public funds are prudently and efficiently utilized. The Committee executes its mandate on the basis of annual and audit reports prepared by the Office of the Auditor General (OAG).

Article 229 (8) of the Constitution provides that within three months after receiving the report of the Auditor General, Parliament or the **County Assembly** shall debate and consider the report and take appropriate action. It is on this basis that this report has been produced by the Committee for consideration and adoption by the County Assembly.

1.2. Guiding principles

In the execution of its mandate, the Committee is guided by core constitutional and statutory principles on public finance management, as well as established customs, traditions, practices and usages. These principles include the following:-

(a) Constitutional Principles on Public Finance

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and*

fiscal reporting shall be clear. The Committee places high regard on these principles, among others, and has been guided by them in the entire process that has led to this report.

(b) Direct Personal Liability

Article 226(5) of the Constitution is unequivocal that: - *“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”*. Consequently Section 203(1) of the PFM Act, 2012 enacts that: - *“A public Officer is personally liable for any loss sustained by a county government that is attributable to-*

(a) the fraudulent or corrupt conduct, or negligence, of the officer; or

(b) the officer’s having done any act prohibited by sections 196, 197 and 198”

The Committee considers this Constitutional and legal provisions as the basis for holding Accounting Officers and other Public Officers directly and personally liable for any loss of public funds that may occur under their watch.

1.3. Obligations of the Accounting Officer

Article 226(2) of the Constitution provides, inter alia, that: *“the Accounting Officer of a national public entity is accountable to the National Assembly for its financial management, and the Accounting Officer of a county public entity is accountable to the County Assembly for its financial management”*. Subsequently, Section 149(1) of the Public Finance Management (PFM) Act, 2012 provides that: *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—*

(a) lawful and authorized; and

(b) Effective, efficient, economical and transparent.”

These provisions obligate the County Chief Officer for Business and Hustler opportunities who is the Accounting Officer and the administrator of fund to appear before the Public Accounts Committee to respond to audit queries raised by the Auditor General.

1.4. Committee Membership

The Committee comprises of the following Members:-

- | | |
|---|---------------------|
| 1. Hon. Chege Mwaura, MCA | - Chairperson |
| 2. Hon. Kennedy Odhiambo Oyugi, MCA | - Vice- Chairperson |
| 3. Hon. Stazo Elijah Omung'ala Ang'ila, MCA | |
| 4. Hon. Billy Richardo Nyantika, MCA | |
| 5. Hon. John Ndile Musila, MCA | |
| 6. Hon. Robert Alai Onyango, MCA | |
| 7. Hon. Cyrus Mugo Mubea, MCA | |
| 8. Hon. Jane Musangi Muthembwa, MCA | |
| 9. Hon. Geoffrey Odhiambo Majiwa, MCA | |
| 10. Hon. Emmy Khatemesi Isalambo, MCA | |
| 11. Hon. Fuad Hussein Mohamed, MCA | |
| 12. Hon. Fatuma Abduwahid Abey, MCA | |
| 13. Hon. Eutychus Mukiri Muriuki, MCA | |
| 14. Hon. Fredrick Njoroge Njogu, MCA | |
| 15. Hon. Agnes Njeri Muthoni, MCA | |
| 16. Hon. Carrington Gichunji Heho, MCA | |
| 17. Hon. Mark Thiga Ruyi, MCA | |
| 18. Hon. Omuro Kame Adano, MCA | |
| 19. Hon. Paul Wachira Kariuki, MCA | |
| 20. Hon. Stephen Mugo Kimani, MCA | |
| 21. Hon. Patrick Karani, MCA | |
| 22. Hon. Joseph Ndung'u Karanja, MCA | |

The Committee comprises of the following Secretariat;

1. Ms. Josephine Njeri Kamau - Senior Clerk Assistant
2. Mr. Benedict Ochieng Ouma - Second Clerk Assistant

Allow me **Hon. Speaker** to thank the entire Membership of this Committee for their hard work and commitment which made the taking of evidence and production of this Report a success.

1.5. Background

The audit involved auditing of the Financial Statements of Nairobi City County Alcoholic Drinks Control and Licensing Board Fund by the Auditor General which comprise Statement of Financial Position as at 30th June, 2020; Statement of Income and Expenditure; Statement of Changes in Equity; Statement of Cash Flows for the year ended 30th June, 2020; 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.

1.6. Establishment of the Fund

The Nairobi City County Alcoholic Drinks Control and Licensing Act, 2014 was operationalized through Gazette Notice dated 19th May, 2014. Establishment of the fund is under part v (section 43) of the Act;

1. *There is established a fund to be known as the Nairobi City County Alcoholic Drinks Control Fund which shall be managed by the County Executive Committee Member responsible for Trade.*
2. *The Fund shall consist of-*
 - a) *such monies as may be appropriated by the County Assembly and such license and other fees as may be payable under this Act;*
 - b) *sums received, including contributions, gifts or grants from or by way of testamentary bequest by any person;*
 - c) *moneys earned or arising from any investment of the Fund; and*
 - d) *all other sums which may in any manner become payable to, or vested in, the Fund.*
3. *The Fund shall be used for meeting the expenditure relating to-*
 - a) *research, documentation and dissemination of information on alcoholic drinks in the county;*
 - b) *promoting cessation and rehabilitation programs in the county;*
 - c) *financing the operations of the sub-county committees and voluntary programmes in the county in accordance with such guidelines as may be prescribed;*
 - d) *carrying out the functions of the Nairobi County Alcoholic Drinks Control and Licensing Board established under section 4 (I) and the objects of this Act; and*
 - e) *any other matter incidental to the matters set out in paragraphs (a), (b), (c), (d).*

The Chief Officer for Business and Hustler opportunities being the Accounting Officer of the Fund, is the Administrator of the Fund. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with the preparation of Annual Financial Statements.

1.7. Auditor-General's Responsibility

The Auditor General's responsibility was to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements in accordance with Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. The matters mentioned in the audit report were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

1.8. Evidence taken

The Committee held sittings of which it interrogated the former Chief Officer for Trade, Tourism and Commerce, former Director and the Accountant for the Nairobi City County Alcoholic Drinks Control and Licensing Board who were in office during the audit period, on key findings raised by the Auditor General. Similarly, the Committee received written responses to the special audit findings.

While taking evidence, the Committee was guided by the existing procedures and modalities of operations of the Nairobi City County Assembly derived from the Constitution of the Republic of Kenya, Acts of National Parliament, Acts of Nairobi City County Assembly and Nairobi City County Assembly Standing Orders, conventions, usages, practices and rulings and directives of the Chairperson.

1.9. Key Issues and Recommendations

Hon. Speaker,

The Committee identified issues it considered grave and subsequently made recommendations that require urgent attention. The issues include:-

- The statement of financial performance indicate that the Alcoholic Drinks Control and Licensing Fund collected a total of Kshs. 427,267,499.30 and Kshs. 515, 876,790.40 during the FY 2019/20 and FY 2018/19 respectively. However, the receipts were deposited into Co-operative Bank, account number 011412230914900. Evidence of remittance of these receipts to the Bank Account were not been submitted for audit review. Further, the figure is not supported by a ledger.
- In addition, the figure of revenue collected is not supported by a schedule of liquor license applicants, database lists of all liquor outlets within the County, liquor board

deliberations/minutes of approvals and rejections in support of the reported revenue figure. The listing of licenses and their security numbers were not provided for audit verification.

1.10. Appreciation

Hon. Speaker,

The Committee would like to thank the **Accounting Officer** for appearing before it and subsequently submitting written responses which provided valuable insights into the issues raised by the Auditor General.

Hon. Speaker,

The Committee also wishes to sincerely thank the Offices of the Speaker and the Clerk for the services extended to the Committee while considering this matter. The Committee further wishes to appreciate the Officers from the Office of the Auditor General and the Committee secretariat for their exemplary advisory services that enabled Members effectively execute their mandate.

Hon. Speaker,

On behalf of the Committee, I now wish to table this report and urge the Assembly to adopt it and the recommendations therein.

SIGNED

HON. CHEGE MWAURA (CHAIRPERSON)

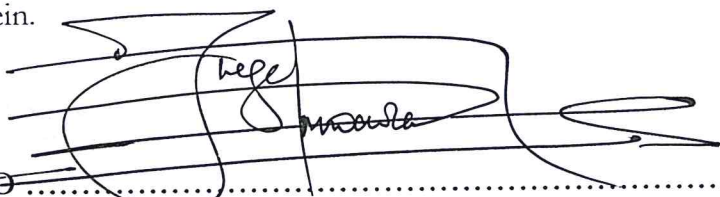
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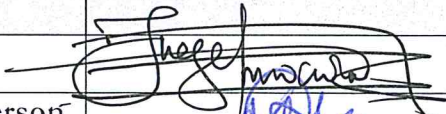


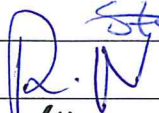

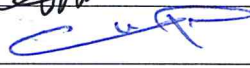
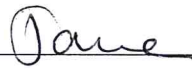


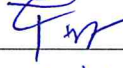


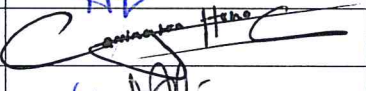
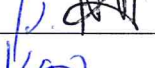
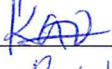
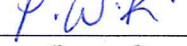

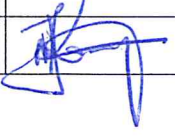
On behalf of the Committee, I now wish to table this report and urge the Assembly to adopt it and the recommendations therein.


SIGNED

HON. CHEGE MWAURA (CHAIRPERSON)

DATE 21st JUNE 2023 .

We Members of the Public Accounts Committee (PAC) do hereby affix our signatures to this report to affirm the correctness of the contents and support for the report:-

No.	Honourable Member	Signature
1.	Hon. Chege Mwaura, MCA – Chairperson	
2.	Hon. Kennedy Odhiambo Oyugi, MCA – Vice-Chairperson	
3.	Hon. Robert Alai Onyango, MCA	
4.	Hon. Stazo Elijah Omunga'la Ang'ila, MCA	
5.	Hon. Billy Richardo Nyantika, MCA	
6.	Hon. John Ndile Musila, MCA	
7.	Hon. Cyrus Mugo Mubea, MCA	
8.	Hon. Jane Musangi Muthembwa, MCA	
9.	Hon. Geoffrey Odhiambo Majiwa, MCA	
10.	Hon. Fuad Hussein Mohamed, MCA	
11.	Hon. Fatuma Abduwahid Abey, MCA	
12.	Hon. Eutyclus Mukiri Muriuki, MCA	
13.	Hon. Fredrick Njoroge Njogu, MCA	
14.	Hon. Emmy Khatemeshi Isalambo, MCA	
15.	Hon. Agnes Njeri Muthoni, MCA	
16.	Hon. Carrington Gichunji Heho, MCA	
17.	Hon. Mark Thiga Ruiyi, MCA	
18.	Hon. Omuro Kame Adano, MCA	
19.	Hon. Paul Wachira Kariuki, MCA	
20.	Hon. Stephen Mugo Kimani, MCA	
21.	Hon. Patrick Karani, MCA	
22.	Hon. Joseph Ndung'u Karanja, MCA	

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12.	Hon. Fatuma Abduwahid Abey, MCA	
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21.	Hon. Stephen Mugo Kimani, MCA	
22.	Hon. Patrick Karani, MCA	
23.	Hon. Joseph Ndung’u Karanja, MCA	

2.0. CONSIDERATION OF THE AUDIT REPORT OF THE AUDITOR GENERAL

2.1. Non- Compliance with Law on Submission of Financial Statements

The Board had not submitted financial statements for the year 2014/2015, 2015/2016, 2016/2017, 2017/2018 and 2018/2019 for audit. Further, the financial statements for the year ended 30th June, 2020 were submitted to the Auditor-General for audit on 21st June, 2022, one (1) year and eight (8) months after the statutory deadline of 30th September, 2020. This was 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 (3) months after the end of the fiscal year to which the accounts relate.

In the circumstances, the accuracy, validity and completeness of the comparative balances could not be confirmed. Further, the fund management was in breach of the law.

Management Response

Statement for the Financial Year 2014/2015, 2015/2016, 2016/2017, 2017/2018 and 2018/2019 have been prepared to enable the Auditor have the carry forward figures. They were prepared and submitted in the Financial Year 2021/2022.

Committee Observation(s)

The Board contravened 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 (3) months after the end of the fiscal year to which the accounts relate.

Committee Recommendation(s)

- i. The Committee recommends that the Board must adhere to section 47 of the Public Audit Act, 2015, the Constitution of Kenya 2010 and the Public Finance Management Act, 2012 on submission of financial statement to the Auditor-General, within three (3) months after the end of the fiscal year to which the accounts relate; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) conducts investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and

Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board) for prosecution in the Courts of law.

2.2. Presentation and disclosure of Financial Statements

The Financial Statements prepared and presented for audit were prepared in accordance with International Public Sector Accounting Standards (Cash Basis) framework instead of the prescribed International Public Sector Accounting Standards (Accrual Basis) framework. In the circumstances, the Financial Statements are not prepared as per the format prescribed by the Public Sector Accounting Standards Board (PSASB) in accordance with Section 194(1) (d) of the Public Finance Management Act, 2012.

Management Response

It was an anomaly that the Financial Statements were prepared and presented for audit in accordance with International Public Sector Accounting Standards (Cash Basis) framework instead of the prescribed International Public Sector Accounting Standards (Accrual Basis) framework. However, the Financial Statements for Financial Year 2021/2022 have been prepared on Accrual Basis.

Committee Observation(s)

The Committee noted that the matter has since been addressed and be marked as resolved since the Financial Statements for Financial Year 2021/2022 have been prepared on Accrual Basis.

Committee Recommendation(s)

- i) **The Committee recommends that the Board must ensure Financial Statements are prepared as per the format prescribed by the Public Sector Accounting Standard Board (PSASB) (accrual basis), in accordance with Section 194(1) (d) of the Public Finance Management Act, 2012.**

2.3. Unsupported Receipts and Payments

The statement of receipts and payments reflects total receipts of Kshs 427,267,499 and payments totaling Kshs 277,304,402 for the FY ended 30 June, 2020. However, supporting documents including receipt books, cash books, payment vouchers, ledgers and supporting schedules were not provided for audit.

This was contrary to the provisions of Section 100 of the Public Finance Management Act (County Governments) Regulations 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the vote for which he or she is responsible

In the circumstances, the accuracy, completeness and validity of receipts and payments of Kshs 427, 267,499 and Kshs 277,304,402 respectively could not be confirmed.

Management Response

Cash books, payment vouchers and ledgers have been submitted to the office of the Auditor General for audit verification.

Committee Observation(s)

The Committee noted that out of payments of Kshs 277,304,402, the Board provided vouchers worth Kshs 275,113,746.50 for audit verification.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 2,190,656.50 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwenia (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and the same be apportioned according to the vouchers authorized by each officer during their tenure in office.

2.3.1 Unsupported Vouchers (Unsupported Allowances Kshs. 96,586,552.50)

The Committee observed that during the period under review, the Fund paid a total of Kshs 96, 586,552.50 in respect of various allowances. However, the Management of the Fund has not provided supporting documents such as authority and signed lists of recipients. The details of these payments are as shown below:

Workshop Allowance	55,393,531.00
Workshop Allowance	2,667,760.00
Monthly Allowance	35,019,681.50
Monthly Sitting	3,505,580.00
	96,586,552.50

Non-Adherence to Regulations 104 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that all receipts and payments voucher of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Committee Observation(s)

In this case, the Committee noted that the allowances might have been subject to misuse resulting to loss of public funds.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board) for prosecution in the Courts of law; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 96,586,552.50 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and the same be

apportioned according to the vouchers authorized by each officer during their tenure in office.

2.3.2 Unsupported Supply of Goods and Services Kshs. 28,147,580.60

During the period under review, the fund paid a total of Kshs 28,147,580.60 in respect of supply of various goods and services. However, the management of the fund has not provided supporting documentation such as authority, approved procurement plan, receipt vouchers and issue vouchers for the payment of these goods and services.

Section 149 (1) of the Public Finance Management Act, 2012 states that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized and effective, efficient, economical and transparent.

Committee Observation(s)

To this end, the Committee noted that payment of goods and services which may not have been delivered resulted to loss of public funds. Further, the Committee observed that the authenticity of the supporting documents that were submitted to the Auditors could not be verified.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report; and
- ii. The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic

Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

2.3.3 Irregular Hospital Bill Expenditure – Kshs.777, 071

According to an Internal Memo dated 12/6/2019 from The CECM Member for Commerce, Tourism & Cooperatives, to the Deputy Director Liquor, granted Authority to pay Avenue Hospital Kshs.92, 271 for treatment of non-employee who had been re-admitted at the Hospital.

Further, on 12/6/2009 vide Internal Memo Ref NCC/ADCLB/16/(20), the CECM for Commerce, Trade and Industrialization gave authority for payment of travel, per diem and transport cost to four staff totaling to Kshs.284,800 to accompany the non-employee to be Admitted at Eden Foundation rehabilitation in Mombasa Branch. This is as highlighted below:

Summary of Payments for the non-employee

No	Payee	Amount	Remarks
1	Avenue Hospital	92,271	Treatment at the Hospital
2	Rehabilitation follow up – 4 Staff members	284,800	Rehabilitation follow-up Eden Foundation Rehabilitation Mombasa Branch
3	Eden House Group	400,000	Upkeep of Conjestina Achieng
	TOTAL	777,071	Total Payment

Committee Observation(s)

The Committee commended the Board for taking action to rehabilitate Ms. Conjestina Achieng, a renowned sports woman in the Country and a resident of the County. The Committee noted that one of the core functions of the Board is rehabilitation of residents suffering from alcohol addiction.

Committee Recommendation(s)

- i. The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.

2.3.4 Unauthorized Payments by Non AIE Holder- Kshs.77,684,054

A review of various payment vouchers amounting to Kshs.77,684,054 were paid for procurement of various services and goods. It was noted that the payments were approved by an unauthorized officer. No evidence was provided in respect to appointment of the officer as an AIE holder. *(See Annexure 1)*

Committee Observation(s)

Section 148 (1) Public Finance Management Act, 2012 provides that (1) A County Executive Committee member for finance shall, except as otherwise provided by law, in writing designate accounting officers to be responsible for managing the finances of the county government entities as is specified in the designation. (2) Except as otherwise stated in other legislation, the person responsible for the administration of a county government entity, shall be the accounting officer responsible for managing the finances of that entity. (3) A County Executive Committee member for finance shall ensure that each county government entity has an accounting officer in accordance with Article 226 of the Constitution.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI), the Ethics and Anti-Corruption Commission (EACC) and the Office of the Director of Public Prosecution (ODPP) undertake further investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 77,684,054 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County

Alcoholic Drinks Control and Licensing Board); and the same be apportioned according to the vouchers authorized by each officer during their tenure in office.

2.3.5 Irregular Procurement of Air ticket to Affordable Tours Ltd Kshs. 6,110,126

A local merchant was paid Kshs.6,110,126 to facilitate foreign travel of thirty (30) number of Nairobi City County Sports Management Committee and rehabilitated Football Players to AFCON 2019 in Egypt.

The Nairobi City County Alcoholic Drinks Control and Licensing Board Members and County Executive officials travelling to Egypt for AFCON 2019 cost of travel and per diem was met from the Nairobi City County Alcoholic Drinks Control and Licensing Board Fund. It was observed that some of those who were sponsored were not employees of the fund.

Committee Observation(s)

Article 226(5) of the Constitution states that if the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not. The Committee noted that some of those who were sponsored to travel to Egypt for AFCON 2019 were not employees of the fund.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

2.3.6 Unsupported Payment of Goods and Services

During the period under review, the fund paid a total of Kshs.15, 201,463 in respect of supply of various goods and services. However, the management of the fund has not provided supporting documentation

such as authority, approved procurement plan, receipt voucher and issue vouchers for the payment of these goods and services. The details of these payments are as detailed in Appendix I.

Similarly, the management of the fund paid an amount totaling to Kshs 8,000,000 to Ministry of Trade whose justification and support was not provided for audit review.

Committee Observation(s)

Section 149 (1) of the Public Finance Management Act, 2012 states that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized and effective, efficient, economical and transparent.

Committee Recommendation(s)

- i. **The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives) Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.**

2.3.7 Monthly Allowances

A review of a sample monthly allowances (sub county sitting allowances) revealed that meetings were held at the sub county offices and minutes were taken for the meetings. The auditors verified a sample minutes for meetings held in Roysambu for the month of July 2019, Makadara for the month of July 2019 and Embakasi for the month of July 2019.

The auditors also confirmed payments to the committee for the month of April 2019 amounting to Kshs. 2,206,000 and also for the month of October 2019 amounting to Kshs. 2,198,000.

Further, the auditors verified Board Allowances for April 2019 of Kshs. 1,118,000 and Board Allowances for November 2019 of Kshs. 1,058,000.

Committee Observation(s)

The Committee was unable to verify allowances for other months since the relevant documents were not provided for audit review.

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

2.3.8 Payment to a local contractor for Containerized Sub County Offices

The works for the containerized sub county offices were requisitioned by the County Chief Officer, Commerce, Tourism and Cooperatives vide Letter Ref; NCC/ADCLB/952/2019 ON 11/11/2019.

The contract was awarded to Fine Engineering Works Limited who accepted the Tender no NCC/RT/314/2018-2019 on 20/8/2019 at a contract sum of Kshs. 19,786,676.80.

Committee Observation(s)

The contractor was given possession of site on 26/11/2019. The certificate of Substantial Completion of works was given on 9/1/2020. The scope of works was nine (9) (steel containerized offices namely: Embakasi East, Embakasi West, Kasarani, Roysambu, Kibra, Dagoreti, Citypark, Starehe and Kamukunji/Pumwani).

The payments for the contract are detailed as per the provided documentation:

Certificate No	Inspection date	Amount
1		
2	14/8/2019	6,057,828.79

3		
4	23/4/2020	5,236,112.40
5		
6	Final Certificate	494,666.92
	TOTAL	11,788,608.11

Committee Recommendation(s)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.0. SUMMARY OF ALL RECOMMENDATIONS

Following the Committee's consideration of the "The Report of the Select Committee on Public Accounts on Consideration of the Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year ended 30th June 2020" and having considered responses from the Accounting Officers, the Committee urges the County Assembly to resolve as follows:

3.1 Non- Compliance with Law on Submission of Financial Statements

- i. The Committee recommends that the Board must adhere to section 47 of the Public Audit Act, 2015, the Constitution of Kenya 2010 and the Public Finance Management Act, 2012 on submission of financial statement to the Auditor-General, within three (3) months after the end of the fiscal year to which the accounts relate; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) conducts investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board) for prosecution in the Courts of law.

3.2 Presentation and disclosure of Financial Statements

- i. The Committee recommends that the Board must ensure Financial Statements are prepared as per the format prescribed by the Public Sector Accounting Standards Board (PSASB) (accrual basis), in accordance with Section 194(1) (d) of the Public Finance Management Act, 2012.

3.3 Unsupported Receipts and Payments

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 2,190,656.50 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and

Cooperatives), Mr. Hesbon Agwenia (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and the same be apportioned according to the vouchers authorized by each officer during their tenure in office.

3.4 Unsupported Allowances (Unsupported Allowances Kshs.96,586,552.50)

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 96,586,552.50 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwenia (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and the same be apportioned according to the vouchers authorized by each officer during their tenure in office; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwenia (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board) for prosecution in the Courts of law.

3.5 Unsupported Supply of Goods and Services Kshs.28,147,580.60

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwenia (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant,

Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report; and

- ii. The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conduct investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.6 Irregular Hospital Bill Expenditure – Kshs.777, 071

- i. The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.

3.7 Unauthorized Payments by Non AIE Holder- Kshs.77,684,054

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI), the Ethics and Anti-Corruption Commission (EACC) and the Office of the Director of Public Prosecution (ODPP) undertake further investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report; and
- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) takes action to recover Kshs. 77,684,054 from Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County

Alcoholic Drinks Control and Licensing Board); and the same be apportioned according to the vouchers authorized by each officer during their tenure in office.

3.8 Irregular Procurement of Air ticket to Affordable Tours Ltd Kshs.6,110,126

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.9 Unsupported Payment of Goods and Services

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives) Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.10 Monthly Allowances

- ii. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks

Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.11 Payment to a local contractor for Containerized Sub County Offices

- i. The Committee recommends that the Directorate of Criminal Investigation (DCI) and the Ethics and Anti-Corruption Commission (EACC) conduct an investigation on Mr. Allan Igambi (Former CECM for Trade, Tourism and Cooperatives), Dr. Jairus Musumba (Former Chief officer for Trade, Tourism and Cooperatives), Mr. Mohamed Sahal (Former Chief Officer for Trade, Tourism and Cooperatives), Mr. Hesbon Agwena (Former Director, Nairobi City County Alcoholic Drinks Control and Licensing Board) and Mr. Julius Matekwa (Former Accountant, Nairobi City County Alcoholic Drinks Control and Licensing Board); and give a report to the Assembly within 60 days after the adoption of this report.

3.12 Corrective Measures

- i. The Committee further recommends that the Alcoholic Drinks Control and Licensing Board operates two bank accounts; one for payment of licensing fees and the other for payment of fines on alcoholic drinks control and licensing related offences as stipulated in the Alcoholic Drinks Control and Licensing Act, 2014; and the same be operationalized in the Financial Year 2023-24; and
- ii. The Committee finally recommends that regulations to the Alcoholic Drinks Control and Licensing Act, 2014 be formulated and forwarded to the Assembly within 30 days after the adoption of this report.

4.0. ANNEXURES

Annex	Title
Annex 1	Committee Minutes
Annex 2	Written Responses to all audit queries by the Accounting Officer
Annex 3	Unsupported payment of Goods and Services

Annex 1: Committee Minutes

Annex 2: Written responses to all audit queries by the Accounting Officer

**MINUTES OF THE 23RD SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY
SELECT COMMITTEE ON PUBLIC ACCOUNTS HELD ON TUESDAY 13TH JUNE,
2023 AT 10:00 AM IN COMMITTEE ROOM 10, CITY HALL BUILDINGS.**

MEMBERS PRESENT:

- | | |
|--|---------------------|
| 1. Hon. Chege Mwaura, MCA | - Chairperson |
| 2. Hon. Kennedy Odhiambo Oyugi, MCA | - Vice- Chairperson |
| 3. Hon. Paul Wachira Kariuki, MCA | |
| 4. Hon. Agnes Njeri Muthoni, MCA | |
| 5. Hon. Mark Thiga Ruyi, MCA | |
| 6. Hon. Emmy Khatemeshi Isalambo, MCA | |
| 7. Hon. Cyrus Mugo Mubea, MCA | |
| 8. Hon. Eutychus Mukiri Muriuki, MCA | |
| 9. Hon. John Ndile Musila, MCA | |
| 10. Hon. Jane Musangi Muthembwa, MCA | |
| 11. Hon. Fredrick Njoroge Njogu, MCA | |
| 12. Hon. Omuro Kame Adano, MCA | |
| 13. Hon. Billy Richardo Nyantika, MCA | |
| 14. Hon. Carrington Gichunji Heho, MCA | |
| 15. Hon. Fatuma Abduwahid Abey, MCA | |
| 16. Hon. Joseph Karanja Ndung'u, MCA | |
| 17. Hon. Stephen Mugo Kimani, MCA | |

MEMBERS ABSENT:

1. Hon. Patrick Karani Said, MCA
2. Hon. Fuad Hussein Mohamed, MCA
3. Hon. Geoffrey Odhiambo Majiwa, MCA
4. Hon. Stazo Elijah Omung'ala Ang'ila, MCA
5. Hon. Robert Alai Onyango, MCA

SECRETARIAT

- | | |
|-------------------------|--------------------------|
| 1. Ms. Josephine Kamau | - Senior Clerk Assistant |
| 2. Mr. Benedict Ochieng | - Second Clerk Assistant |

MIN.078/NCCA/PAC/JUNE/2023 – PRELIMINARIES

The Chairperson called the meeting to order at 10.06am and opened the meeting with a word of prayer. He then welcomed Members and witnesses present to the meeting and requested them to introduce themselves. He then took members through the agenda as follows:-

AGENDA

1. Tabling of six (6) Auditor General Reports before the Committee;

- The Report of the Auditor General on County Executive of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30th June 2022;
- The Report of the Auditor General on County Assembly of Nairobi for the year ended 30th June 2022;
- The Report of the Auditor General on County Revenue Fund – County Government of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on receiver of revenue for County Government of Nairobi for the year ended 30th June 2022; and
- The Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year Ended 30th June 2022.

2. Adoption Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan Scheme Fund for the year ended 30th June, 2018

3. Adoption Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund for the year ended 30th June, 2018

4. Adoption of the Report of the Select Committee on Public Accounts retreat held at Pride Inn Flamingo Beach Resort, Mombasa, from Thursday 10th November to Sunday 13th November, 2022

5. Adoption of the Report of the Select Committee on Public Accounts on Consideration of the Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30th June 2020.

6. Any Other Business

7. Adjournment

The said agenda of the meeting was then adopted as proposed by Hon. Joseph Karanja Ndung'u, MCA and seconded by Hon. Kennedy Odhiambo Oyugi, MCA.

MIN.079/NCCA/PAC/APRIL/2023 – TABLING OF SIX (6) AUDITOR GENERAL REPORTS BEFORE THE COMMITTEE;

The Chairperson tabled the Auditor General Reports which was committed to the Committee by the Speaker on the floor of the Assembly on 6th June 2023;

- The Report of the Auditor General on County Executive of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on Nairobi City County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30th June 2022;
- The Report of the Auditor General on County Assembly of Nairobi for the year ended 30th June 2022;
- The Report of the Auditor General on County Revenue Fund – County Government of Nairobi City for the year ended 30th June 2022;
- The Report of the Auditor General on receiver of revenue for County Government of Nairobi for the year ended 30th June 2022; and
- The Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the Year Ended 30th June 2022.

MIN.080/NCCA/PAC/JUNE/2023 – ADOPTION REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2018

The Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Car Loan Scheme Fund for the year ended 30th June, 2018 which was adopted by the Committee as proposed by Hon. John Ndile Musila and seconded by Hon. Stephen Mugo Kimani.

MIN.081/NCCA/PAC/JUNE/2023 – ADOPTION REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY SERVICE BOARD MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30TH JUNE, 2018

The Report of the Auditor General on the Financial Statements of Nairobi City County Assembly Service Board Mortgage Scheme Fund for the year ended 30th June, 2018 which was adopted by the Committee as proposed by Hon. Billy Ricardo Nyantika and seconded by Hon. Paul Wachira Kariuki.

MIN.082/NCCA/PAC/JUNE/2023 – ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS RETREAT HELD AT PRIDE INN FLAMINGO BEACH RESORT, MOMBASA, FROM THURSDAY 10TH NOVEMBER TO SUNDAY 13TH NOVEMBER, 2022

The Report of the Select Committee on Public Accounts retreat held at Pride Inn Flamingo Beach Resort, Mombasa, from Thursday 10th November to Sunday 13th November, 2022, was adopted by the Committee as proposed by Hon. Jane Musangi and seconded by Hon. Agnes Njeri Muthoni.

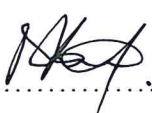
MIN.083/NCCA/PAC/JUNE/2023 – ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON PUBLIC ACCOUNTS ON CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30TH JUNE 2020.

The Report of the Select Committee on Public Accounts on Consideration of the Report of the Auditor General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30th June 2020, was adopted by the Committee as proposed by Hon. Mark Thiga Ruiyi and seconded by Hon. Stephen Mugo Kimani.

MIN.084/NCCA/PAC/JUNE/2023 - AOB&ADJOURNMENT

The Committee having dispensed with the agenda and the time being fifteen minutes past twelve O' clock, the Chairperson adjourned the sitting. The date and venue of the next sitting was going to be communicated by way of notice.

CONFIRMED AS A TRUE RECORD OF THE PROCEEDINGS

	SIGNATURE	DATE
CHAIRPERSON		21 st JUNE 2023
SECRETARY		21 st June, 2023

Annex 2: Written responses to all audit queries by the Accounting Officer

NAIROBI CITY COUNTY



Telephone: +254 20 2224281
Email: info@nairobi.go.ke
Website: www.nairobi.go.ke

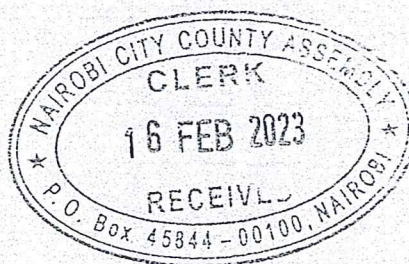
City Hall,
P. O. Box 30075-0010,
Nairobi, Kenya.

OFFICE OF THE GOVERNOR COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE

Ref: NCC/CS/JM/125

16th February 2023

The Clerk
Nairobi City County Assembly
P.O Box 45844 – 00100
Nairobi



S: 19 PM
[Signature]

**RE: MEETING WITH THE NAIROBI CITY COUNTY ASSEMBLY SELECT COMMITTEE
ON PUBLIC ACCOUNTS ON THURSDAY 16TH FEBRUARY 2023 AT 10.00AM**

Reference is made to letter ref. NCCA/PAC/CORR/2023/008 dated 9th February 2023 on the above subject.

This is to forward to you a response ref. NCC/ADCLB/VOL/9/056/2023 dated 14th February 2023 from the Director Liquor Licensing on the Query 2.1 on Unsupported vouchers.

A handwritten signature in black ink, appearing to read "Jairus Musumba".

DR. JAIRUS MUSUMBA, PhD

Ag. COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE

Copy to:

H.E the Governor
Nairobi City County

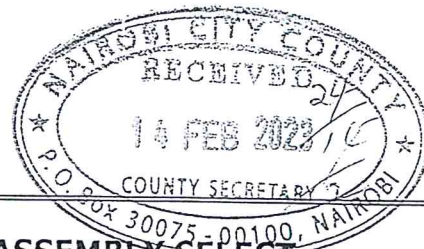
Director Liquor Licensing
Nairobi City County

*II SCA - PAC
Table before the Committee + DLS
Fwd DLS
17/2/23
Thud, deal
Clean
16/2/23*



M E M O

TO : COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE
FROM : DIRECTOR LIQUOR LICENSING
REF : NCC/ADCLB/VOL/9/056/2023
DATE : 14TH FEBRUARY, 2023



RE: MEETING WITH THE NAIROBI CITY COUNTY ASSEMBLY SELECT COMMITTEE ON PUBLIC ACCOUNTS ON THURSDAY 16TH FEBRUARY, 2023 AT 10.00 A.M.

Reference is made to a letter from the Clerk of Nairobi City County Assembly ref; NCC/PAC/CORR/2023/008 dated 9th February, 2023 on the above matter.

Query 2.1 on Unsupported Vouchers

The following is response to query 2.1 on unsupported vouchers, whereby the fund paid a total of Kshs. 96,586,552.50 in respect of various workshops and monthly allowances:-

S/No.	Allowance	Amount
1.	Workshop Allowance	55,393,531.00
2.	Workshop Allowance	2,667,760.00
3.	Monthly Allowance	35,019,681.50
4.	Monthly Sitting	3,505,580.00
Total		96,586,552.50

Response

Additional supporting documents have been submitted to the Auditor General.

Management Response

- Management has ensured that all financial statements are prepared in accrual basis and hence forth ensure that financial statements are prepared in the prescribed format.
- Management has ensured that all financial statements are timely prepared.
- Management has prepared statement of net changes in asset to reconcile the figures.
- Management has submitted attaching documents to support the payment vouchers, management will also ensure moving forward that auditors are furnished with timely information.

Rhoda Otieno

RHODA OTIENO

DIRECTOR LIQUOR LICENSING

c.c. **CECM, Business and Hustler Opportunities**
Chief Officer, Business and Hustler Opportunities

*See attached
Doco
letter
Btuf
15/02/2023*

NAIROBI CITY COUNTY



Telephone: +254 20 2224281
Email: info@nairobi.go.ke
Website: www.nairobi.go.ke

City Hall,
P. O. Box 30075-0010,
Nairobi, Kenya.

OFFICE OF THE GOVERNOR COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE

Handwritten notes:
I DLS
Kindly
Seal
2/12/2022

NCC/CS/JM/707

6th December 2022

Edward O. Gichana
Clerk of the County Assembly
Nairobi City County
City Hall Buildings
NAIROBI



RE: REMINDER OF A MEETING WITH THE NAIROBI CITY COUNTY ASSEMBLY SELECTED COMMITTEE ON PUBLIC ACCOUNTS - 7TH DECEMBER 2022

Reference is made to letter Ref. No. NCCA/PAC/CORR 2022/005 dated 14th November 2022 on the above subject.

This is to forward the response from the Ag Director Liquor License vide internal memo NCC/ADCLB/VOL.8/330/2022 dated 5th December 2022 for your action.

Handwritten signature of Dr. Jairus Musumba

DR. JAIRUS MUSUMBA, PhD
AG. COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE
cc

H. E. the Governor
Nairobi City County

Handwritten notes:
Inf. CA - PAC
Take before the Committee
Ag. PCA(C)
8/12/22.

Handwritten notes:
II AG PCA(C)
Kindly note the
response and take
before the Committee
DLS
8/12/2022

Popo Road, South C
P. O. Box 30075 - 00100
Nairobi KENYA



Telephone: 020 344194
Web: www.nairobi.go.ke

NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD

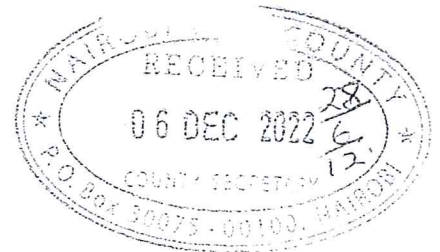
INTERNAL MEMO

TO : COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE

FROM : Ag. DIRECTOR LIQUOR LICENSE

REF : NCC/ADCLB/VOL. 8/330/2022

DATE : 5TH DECEMBER, 2022



**REPORT OF THE AUDITOR ON NAIROBI CITY COUNTY
ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD YEAR
ENDED 30TH JUNE, 2020**

Attached herewith please find our response on the above subject matter for onward transmission to the Clerk Nairobi City County Assembly.

Rhoda Otieno
RHODA OTIENO
Ag. DIRECTOR LIQUOR LICENSING

Encl.

*See a pr send
Draft to the clerk
NC A
06/12/2022*

**REPORT OF THE AUDITOR ON NAIROBI CITY COUNTY ALCOHOLIC
DRINKS CONTROL AND LICENSING BOARD YEAR
ENDED 30TH JUNE, 2020**

REPORT ON FINANCIAL STATEMENTS

1. NON-COMPLIANCE WITH LAW ON SUBMISSION OF FINANCIAL STATEMENTS

The Board had not submitted financial statements for the year 2014/2015, 2016/2017, 2017/2018 and 2018/2019 for audit. Further, the financial statements for the year ended 30th June, 2020 were submitted to the Auditor General for audit on 21st June, 2022, more than one (1) year and eight (8) months after the statutory deadline of 30th September, 2020. This was 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, the accuracy, validity and completeness of the comparative balances could not be confirmed. Further, Management was in breach of the law.

RESPONSE

Statement for the Financial Year 2014/2015, 2015/2016, 2016/2017, 2017/2018 and 2018/2019 have been prepared to enable the Auditor have the carry forward figures. They were prepared and submitted in the Financial Year 2021/2022.

2. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

The financial statements prepared and presented for audit were prepared in accordance with International Public Sector Accounting Standards (Cash Basis) framework instead the prescribed International Public Sector Accounting Standards (Cash Basis) framework.

In the circumstances, the financial statements are not prepared as per the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012.

RESPONSE

It was an anomaly however this Financial Year 2021/2022 the Financial Statements have been prepared on Accrual Basis.

3. UNSUPPORTED RECEIPTS AND PAYMENTS

The statement of receipts and payments reflects total of Kshs.427,267,499 and payments totaling Kshs.277,304,402 for the ended 30th June, 2020. However, supporting documents including receipt books, cash books, payment vouchers, ledgers and supporting schedules were not provided for audit.

This was contrary to the provisions of Section 100 of the Public Finance Management Act, (County Governments) Regulation, 2015 which states that 2Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payment and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the amounts of the vote for which he or she is responsible.

In the circumstances, the accuracy, completeness and validity of receipts and payments of Kshs.427,267,499 and Kshs.277,304,402 respectively could not be confirmed.

RESPONSE

Cash book, payment vouchers and Ledgers have been submitted to the office of the Auditor General for verification.

Prepared by:



RHODA OTIENO

Ag. DIRECTOR LIQUOR LICENSING

Annex 3: Unsupported payment of Goods and Services

Date	PV no	Details	Payee	Amount
23/12/2019	95	Being payment to facilitate flight to Kigali	Affordable Tours & travel services	1,020,800.00
25/3/2020	160	Being payment for consultancy service	Global consultancy partners	970,000.00
29/1/2020	19	Being payment of 15 tyres as per attached proforma invoice	Kingsway Tyres LTD	632,693.80
12/9/2019	118	Being payment for mcc airbag compatible bull	Sai Raj LIMITED	240,000.00
17/9/2019	131	Being payment of 2 bull bar	Sai Raj LIMITED	309,441.00
23/1/2020	65	Being payment for conference during workshop for finalization of ADP	Severin sea lounge	424,800.00
16/8/2019	242	Being payment of air tickets	Star Travel & Tours LTD	982,500.00
27/9/2019	36	Being payment of fuel for 3 vehicles	Vivo Energy Kenya LTD	150,000.00
11/7/2019	203 72	Assorted items of stationery	Sylico Investments	281,700.00
3/7/2019	203 74	Assorted items of stationery	Sylico Investments	281,700.00
19/12/2019	1	Catering services	Sany Ventures	55,000.00
25/2/2020	9	Consultancy Services on training in Kibra	EMRI Capital Consultancy	1,995,000.00
27/5/2020	2	Motorised snap pump sprayer	EMRI Suppliers	1,800,000.00
21/8/2019	204 47	Containerized Offices Roysambu Kasarani & kibera	Fine Engineering Works Ltd	6,057,828.80
			TOTAL Kshs.	15,201,463.6

