

GOVERNMENT OF NAIROBI CITY COUNTY

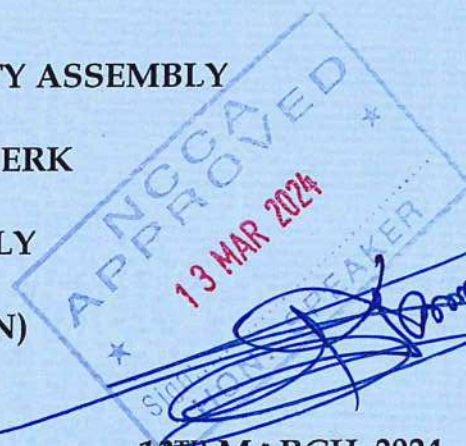


THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(THIRD SESSION)



NCCA/TJ/PL/2024(11)

13TH MARCH, 2024

PAPER LAID

SUBJECT: Committee Report

Pursuant to provisions of Article 229(7) of the Constitution of Kenya 2010, I beg to lay the following Paper on the Table of the Assembly, today Wednesday, 13th March, 2024: -

— THE REPORT OF THE AUDITOR-GENERAL ON THE EXAMINATION OF THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF NAIROBI CITY FOR THE YEAR ENDED 30TH JUNE, 2023.

(The Leader of Majority Party)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

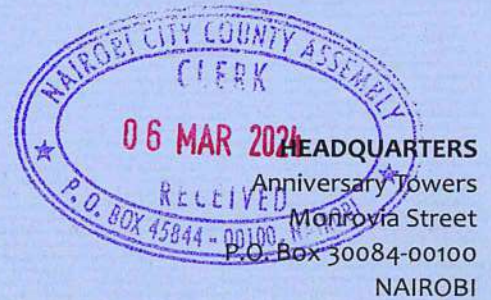
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REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



OAG/NRO/NCCE/2022-2023/ (19)

28 February, 2024

Edward O. Gichana

Clerk to the Nairobi City County Assembly

P.O. Box 45844-00100

NAIROBI

Dear **CCA**,

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF NAIROBI CITY FOR THE YEAR ENDED 30 JUNE, 2023

I transmit the report of the Auditor-General on the examination of the financial statements of County Executive of Nairobi City for the year ended 30 June, 2023. The report is submitted in accordance with the provisions of Article 229(7) of the Constitution for the necessary action as required by Article 229(8) of the Constitution.

Yours

CPA F.O. Odhiambo
For: **AUDITOR-GENERAL**

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

Mr. Jeremiah Nyegenye, CBS
Clerk to the Senate
P.O. Box 41842-00200
NAIROBI

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

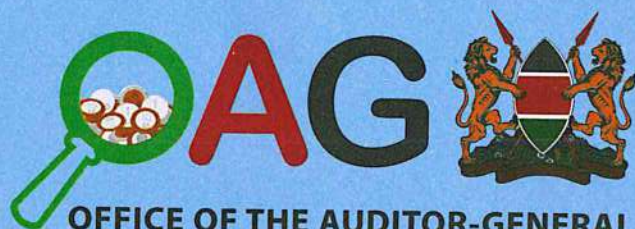
Mr. Charles K. Kerich
The County Executive Member - Finance
County Government of Nairobi City
P.O. Box 30037-00100
NAIROBI

(i) **DLS.**
Vivly coordinate and
facilitate. Telling
ADMP
DLS
6/3/24

(ii) **PCA & SP**
Facilitate hiring
telling.
DLS
7/3/2024
TV - SEA - Austin
Please deal
Mpe
PCA (Kis)
7/3/23



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF NAIROBI CITY

FOR THE YEAR ENDED
30 JUNE, 2023

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30054 - 00100, NAIROBI
REGISTRY

08 FEB 2024

RECEIVED



COUNTY GOVERNMENT OF NAIROBI CITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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(This list is an indication of acronyms and key terms; the County should include all from the annual report and financial statements prepared)

2. Key Entity Information And Management

a) Background information

The County is constituted as per the Constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The County Executive is comprised of the following departments:

Number	Department	Major Responsibility
1.	Finance and Economic Planning Affairs.	<ul style="list-style-type: none"> - Developing and implementing financial and economic policies in the County. - Preparing the annual budget for the county and coordinating the preparation of estimates of revenue and expenditure of the county government. - Coordinating development planning and implementation - Mobilizing resources for funding the budgetary requirements of the county government and putting in place measures to raise revenue and resources.
2.	Innovation and Digital Economy	<ul style="list-style-type: none"> - Formulating and reviewing County ICT Infrastructure strategy and policy and monitor its implementation; - Coordinate Nairobi County Start Up Stakeholder engagement; - Developing and managing strategic systems including shared services and infrastructure, data, information security, data centres and electronic services of the County; Develop and enforce strategic ICT security initiatives within County including oversight of incident response;

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County Executive — Nairobi City
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Number	Department	Major Responsibility
3.	Talents, Skills Development and Care	<ul style="list-style-type: none"> - Pre- Primary Education. - Early Childhood Development. - Sports promotion and development
		<ul style="list-style-type: none"> - Talents Identification and Development - Social policy development - Promote socioeconomic empowerment and community development programmes.
4.	Mobility and Works	<ul style="list-style-type: none"> - To design and operate traffic management system (TMS) to enhance efficient flow of both vehicles and pedestrians - Liaison with National and other agencies in the planning and designing of transport systems within the county - To develop and maintain public transport infrastructure; - To design, develop and maintain institutional facilities to enhance service delivery; - To coordinate energy and lighting infrastructure in the County
5.	Built Environment and Urban Planning	<ul style="list-style-type: none"> - County land and infrastructure surveying - County valuation services - Land administration and property management - Land registration - County urban development planning and Urban design - County urban development control - Housing development.

Number	Department	Major Responsibility
		<ul style="list-style-type: none"> - Urban Renewal
6.	Boroughs Administration and Personnel	<ul style="list-style-type: none"> - The development of policies and plans; - service delivery; - developmental activities to empower the community; - Human Resources Management
7.	Business and Hustler Opportunities	<ul style="list-style-type: none"> - Promote Micro, Small and Medium Enterprises (MSMEs) - Provide business counselling, advisory and consultancy services. - Ensure fair trading practices within the County - Trade development and Regulation - Markets Management - Markets Infrastructure Development - Promotion of co-operative societies
8.	Green Nairobi (Environment, Water, Food and Agriculture)	<ul style="list-style-type: none"> - Solid waste Management - Crop, Livestock and fisheries development and management - Water and Sanitation Services - Water pollution control
9.	Health Wellness and Nutrition, and;	<ul style="list-style-type: none"> - County health facilities and infrastructure administration - Health policy formulation and regulation - Preventive and Promotive Health Services - Medical services - Provide Nutrition Services in the community and Health facilities - School Feeding Program

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Number	Department	Major Responsibility
10.	Inclusivity, Public Participation and Customer Service	<ul style="list-style-type: none"> - Public participation and citizen engagement - Cultural activities, public entertainment and public amenities. - Development and implementation of county tourism Development plans, programmes and projects - Gender mainstreaming - Promote and manage programmes for children, women and persons living with disabilities.

b) Key Management team

The County Executive's day-to-day management is under the following key organs:

- Office of the Governor and Deputy Governor
- Finance and Economic Planning Affairs.
- Innovation and Digital Economy
- Talents, Skills Development and Care
- Mobility and Works
- Built Environment and Urban Planning
- Boroughs Administration and Personnel
- Business and Hustler Opportunities
- Green Nairobi (Environment, Water, Food and Agriculture)
- Health Wellness and Nutrition, and;
- Inclusivity, Public Participation and Customer Service

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

1	CECM - Finance and Economic Planning Affairs	Mr. Charles K. Kerich
2	Accounting Officer - Environment	Mr. Hibrahim Otieno Nyakach
3	Accounting Officer - Water and Sewerage	Mr. Oscar Omoke Ocholla
4	Accounting Officer - Mobility	Mr. Boniface Karimi Nyamu
5	Accounting Officer - Works	Mr. George Kimutai Tirop
6	Accounting Officer - Finance	Ms. Asha Abdi
7	Accounting Officer - Revenue Administration	Mr. Wilson Njoroge Gakuya
8	Accounting Officer - Business and Hustler Opportunities	Ms. Zipporah Njeri Mwangi
9	Accounting Officer - Cooperatives	Mr. Geoffrey Akumali Atiel
10	Accounting Officer - ICT Infrastructure	Mr. John Murungi Lintari
11	Accounting Officer - Digital Economy and Startups	Mr. Victor Otieno Ogolla
12	Accounting Officer - Smart Nairobi	Mr. Tirus Wainaina Njoroge
13	Accounting Officer - Lands	Mrs. Cecilia Wangari Koigu
14	Accounting Officer- Urban Development and Planning	Mr. Patrick Analo Akivaga
15	Accounting Officer - Housing and Urban Renewal	Mrs. Marion Nyawira Rono
16	Accounting Officer - City Culture, Arts and Tourism	Mr. Clement Rapundo Sijenji
17	Accounting Officer - Gender and Inclusivity	Ms. Maryan Dubow Dahir
18	Accounting Officer - ECD and Vocational Training	Mr. Ahmed Mohammed Abdi
19	Accounting Officer - Youth, Talent and Sports	Mr. Oscar Mufunga Igaida
20	Accounting Officer - Social Services	Mr. George Mutiso Musembi
21	Accounting Officer - Public Service	Mrs. Janet Omollo Opiata
22	Accounting Officer - Health Facilities	Mr. Geoffrey Omoke Mosiria
23	Accounting Officer - Public Health	Mr. Tom Michira Nyakaba
24	Accounting Officer - Medical Services	Mr. Irene Njeri Muchoki
25	Accounting Officer - Office of the Governor	Ms. Priscilla Muthoni Mahinda
26	Accounting Officer - Security and Compliance	Mr. Tony Michael Kimani
27	Accounting Officer - Disaster Management and Coordination	Mr. Bramwell Wesangula Simiyu
28	Accounting Officer - Public Engagement, Citizen Engagement and Customer Service	Ms. Lydia Wambui Mathia
29	Acting Accounting Officer - Economic Planning	Ms. Asha Abdi
30	Acting Accounting Officer - Boroughs and Sub County Administration	Ms. Lydia Wambui Mathia
31	Acting Accounting Officer - Markets and Trade	Mr. Geoffrey Akumali Atiel
32	Acting Accounting Officer - Food Agriculture and Natural Resources	Mr. Hibrahim Otieno Nyakach

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33	Acting Accounting Officer – Wellness Nutrition and School Feeding	Mr. Irene Njeri Muchoki
34	Accounting Officer – Internal audit and Risk management	Mr. Francis Njoroge Ndungu
35	Accounting Officer – Legal Affairs	Ms. Violet Oyangi

d) Fiduciary Oversight Arrangements

The Nairobi City County Assembly Budget and Appropriations Committee and Public Accounts Committee provide oversight on County Financial Management. The Budget and Appropriations committee oversees and monitors budget preparation and implementation while the Public Accounts Committee reviews all reports of the Auditor-general in matters related to the management of finances. The County has an established audit committee which strengthens the independence and the processes around internal auditing.

e) County Executive Headquarters

P.O. Box 30075 00100,
 City Hall Building,
 City Hall Way,
NAIROBI, KENYA

f) County Executive Contacts

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

g) County Executive Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000
 City Square 00200
NAIROBI, KENYA
2. Other Commercial Banks
 - (i) Equity Bank,
 Equity Centre Branch,
 P.O Box 75104-00200,

NAIROBI, KENYA

- (ii) National Bank,
Kenyatta Avenue Branch,
P.O Box 30645 -00100,

NAIROBI, KENYA.

- (iii) Kenya Commercial Bank
Moi Avenue Branch
P.O Box 30081 – 00100

NAIROBI, KENYA

- (iv) Co-operative Bank
City Hall Branch
P.O Box 44805 - 00100

NAIROBI, KENYA

h) Independent Auditor

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

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200

NAIROBI, KENYA

j) County Attorney



P.O. Box 30075 00100,
City Hall Building,
City Hall Way,
NAIROBI, KENYA








3. Governance Statement

Nairobi City County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of a County Assembly, County Executive and three number of County Government Entities. The County Executive is structured in terms of sectors, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.

The Cabinet is comprised of the Governor as the Chairperson deputised by the Deputy Governor, Ten County Executive Committee Members, County Attorney and the County Secretary who acts as the secretary to the Cabinet. Below are photos of the Cabinet Membership;

	<p>H.E. Sakaja Arthur Johnson</p> <p>Governor Nairobi City County</p>
	<p>H.E. James Njoroge Muchiri</p> <p>Deputy Governor Nairobi City County</p>

			<p>Mr. Patrick Analo Akivaga</p> <p>Acting County Secretary</p>
	<p>Charles K. Kerich</p> <p>CECM – Finance and Economic Planning Affairs</p>		<p>Ms. Suzanne Silantoi</p> <p>CECM – Health, Wellness and Nutrition</p>
	<p>Ms. Maureen Njeri</p> <p>CECM – Business and Hustler Opportunities</p>		<p>Dr. Anastasia Mutethya Nyalita</p> <p>CECM – Inclusivity, Public Participation and Customer Service</p>
	<p>Ms. Rosemary Kariuki</p> <p>CECM – Talents, Skills and Care</p>		<p>Mr. Ibrahim Auma Nyangoya</p> <p>CECM – Green Nairobi (Environment, Water, Food and Agriculture)</p>

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	Mr. Stephen Gathuita Mwangi		Mr. Patrick Mbogo
	CECM – Built Environment and Urban Planning		CECM – Boroughs Administration and Personnel
	Mr. Brian Mulama CECM – Mobility and Works		Mr. Michael M. Gumo CECM – Innovation and Digital Economy
	Ms. Christine Ireri Acting County Attorney		

The County while dealing with its stakeholders is guided by the following laws; County Government Act 2012, Nairobi City County Public Participation Act 2015, Nairobi City County Community and Neighbourhood Associations Engagement Act 2016, Public Service Values and Principles Act 2015 and Draft Policy on Public Participation 2018(National Government)

The County Executive Safeguards against unethical conduct and corruption. The County Executive has implemented Chapter 6 of Constitution of Kenya 2010 on Leadership and Integrity code. The County Executive has developed Specific County Leadership and Integrity code which has been signed by the Governor, Deputy Governor and County Executive Committee Members. The County Chief Officers and Directors have signed the NCC Staff Code of conduct and Ethics. The County Executive has developed a draft Corruption eradication policy. Corruption Prevention Committees have been put in place in all County Sectors. The County has appointed and trained County Integrity assurance officers. On the institutional arrangement/structure on corruption eradication

Investigation unit deals with investigation while Efficiency, Monitoring and Evaluation unit deals with ethics, accountability and transparency. The County has digitized County Revenue collection to minimize human interference with collection.

The County Executive engages with sectoral committees which oversees county sectors. The executive also honours invitations by County Public Accounts Committee and Senate's County Public Accounts and Investments Committee where Audit reports on financial Statements are deliberated and the county provides responses to queries in the reports.

The County Internal Audit department undertakes periodic assessments on the effectiveness of internal controls and an audit report prepared at the end of the exercise. The County staff were trained on Risk management at Kenya School of Government in 2015. The training laid more emphasis on risk identification and assessment and the county sectors/departments were able to prepare risk registers which were consolidated to form the county risk register.

The sectors update risks in the specific registers and control measures put in place. The county has a draft risk management policy which is in the process of being adopted by the county assembly.

The County has an audit committee which was appointed as per the guidelines of Public Sector Accounting Standards board. The audit committee has a charter which was formulated in 2018

The County Executive in its operations is guided first by the provisions of Constitution of Kenya 2010. Other laws and regulations that are observed in day-to-day operations of the county include Public Finance Management Act, 2012, Public Finance Management regulations (County Governments), 2015, County Governments Act, No.17 of 2012, Intergovernmental Relations Act, No. 2 of 2012, Urban Areas and Cities Act, No. 13 of 2011, Intergovernmental Relations Act, No. 2 of 2012, Public Procurement and Asset Disposal Act, No.33 of 2015, Public Procurement And Asset Disposal Regulations, 2020 among other laws and regulations

4. Foreword 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, 2023. 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 harbours, (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.
11. County public works and services, including; Storm water management systems in built-up areas; and, Water and sanitation services.

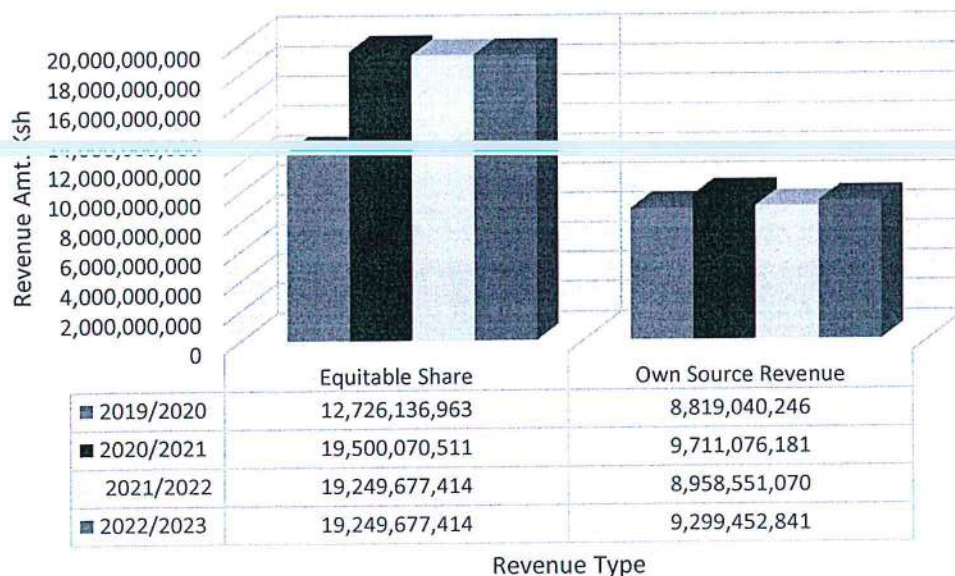
12. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level.

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. For efficient delivery of the functions, the county government has existing functional structure as guided by different legislation. The four functions which were transferred to the Nairobi Metropolitan Services in 2020, as guided article 187 of the constitution, were transferred back to NCC in the second quarter of the FY 2022/23.

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 clean 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).

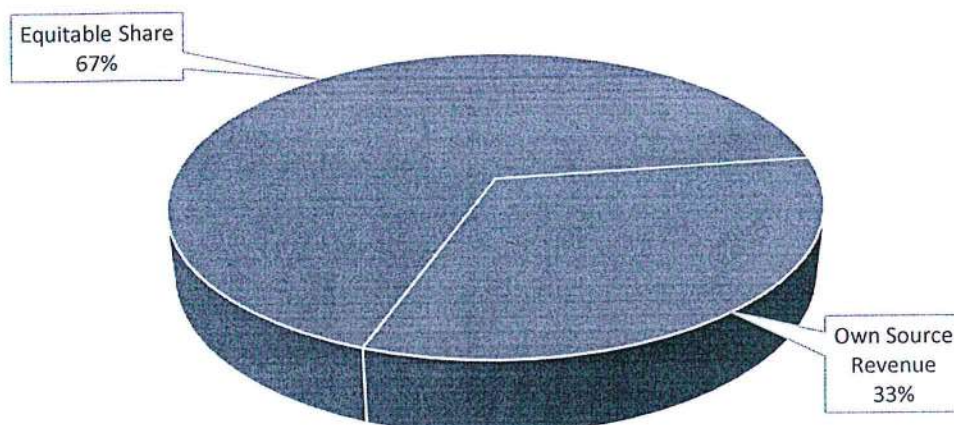
The county remains committed, and continuously pursues the fulfilment of the fiscal responsibility principles as espoused in law. In mobilization of resources, the county met 74.8 % (Ksh. 29.61 B) of the approved revenue target of Ksh. 39.61 B, constituted by equitable share amounting to Ksh. 19.25 Billion (100% of target), and Ksh. 9.3 Billion from own source revenue (50.88% of target).

Sources of Revenue 2019/20 to 2022/23



The contribution of equitable share to the county actual revenue has dominantly been higher than OSR over the years. In 2022/23, equitable share constituted 67% of actual county revenue while own source revenue accounted for 33%.

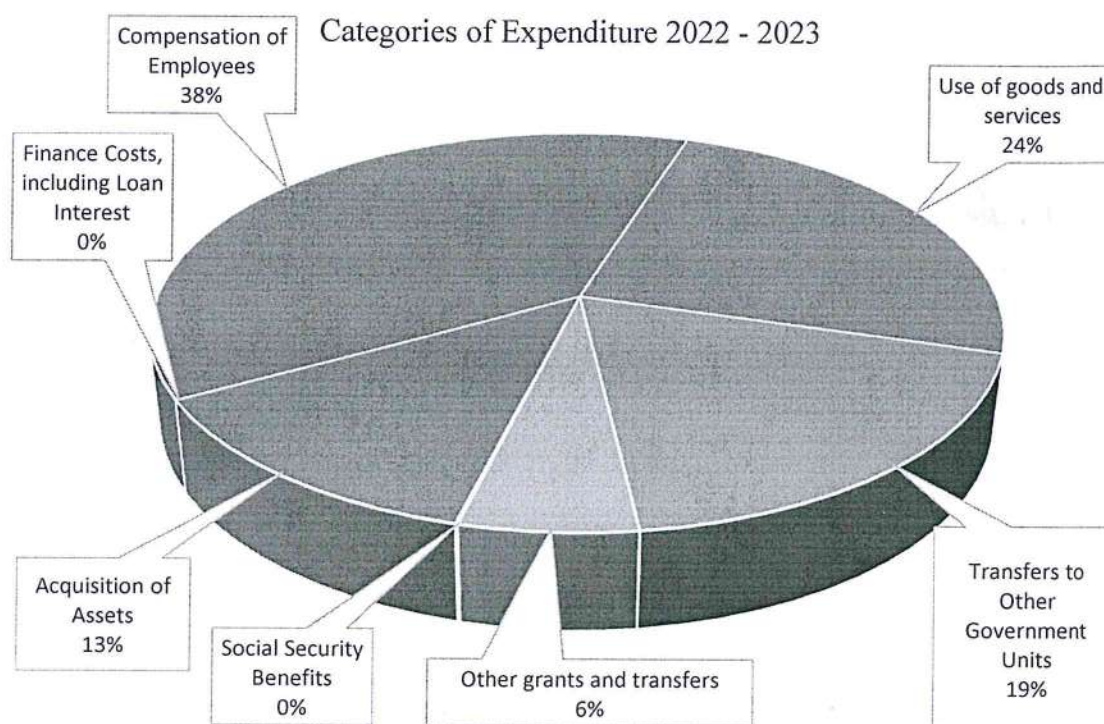
CONTRIBUTION OF OSR VS ES



Other receipts by the county government during the period under review was Ksh. 131.6 Million from domestic and foreign grants, Ksh. 927.3 Million from transfers from other government agencies and Ksh. 9,038 as returned CRF issues.

On the expenditure side, the statements depict a 74.02% (Ksh. 29.32 B) absorption of the approved budget of Ksh. 39.61. In absolute figures, the actual expenditure indicates that a larger proportion

of county funds was utilized for compensation to employees at 38.15%, use of goods and services at 24.57% and transfer to other government units at 18.67 %.




The statements directly correlate with the government’s development agenda, which saw cognizable milestones in health, education, infrastructure, commerce, ICT, environment and agriculture. 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.

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, political unrest and demonstrations, tough economic times and transitioning of the transferred functions from NMS to NCC

The implementation of the development objectives in the CIDP 2018-2022 was concluded in the FY 2022/2023. Implementation of the third generation CIDP (2023-2027) commenced in the FY 2023/24, with emphasis being on restoring Nairobi into a city of order, dignity and opportunities for all. A total budget of Ksh. 42.3 B has been allocated towards this, comprised of Ksh. 28.3B for recurrent expenditure and Ksh. 14 B for development. Being the capital city of Kenya, and given the high and ever-growing population, the resources required for adequate service provision remain too huge for the county to meet. We therefore continuously pursue strategies to improve our own

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County Executive – Nairobi City
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source revenues, and also leverage on alternative sources of financing to ensure the development targets are achieved and the expectations of Nairobians are met.


.....
CECM Finance and Economic Planning
County Government of Nairobi

5. Statement of Performance against County Predetermined Objectives

Strategic development objectives

The Nairobi County CIDP for the period 2017- 2022 identified eight key strategic development objectives. Broadly, these objectives were identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s Vision 2030, SDGs and the MTP III.

The strategic objectives were a synthesized product of the afore-mentioned planning frameworks that amalgamated the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Nairobi County’s CIDP are to:

1. Provide quality physical infrastructure in the city,
2. Provide economic growth opportunities to diverse groups including youth, women, PWD’s,
3. Provide reliable, accessible, quality and affordable healthcare,
4. Provide accessible, affordable and quality ECD and vocational opportunities for all,
5. Promote food and nutritional security for all,
6. Promote good governance, public participation and rule of law,
7. Increase access to affordable and quality housing, and
8. Provide clean energy, safe drinking water, waste management and sanitary services in a secure sustainable environment.

Below we present the progress made in attaining the objectives of the 2017 - 2022 CIDP for Nairobi City County.

<i>S/No</i>	<i>Strategic Objective as per CIDP</i>	<i>Targeted Outcome</i>	<i>Performance/Progress</i>	<i>Remarks</i>
1	Provide quality physical infrastructure in the city	Increased efficient transportation of people, goods and services	Constructed 240 kms of storm water drainage out a target of 340kms	The reason for under performance is inadequate funding

County Government of Nairobi City

County Executive – Nairobi City

Annual Report and Financial Statements for the year ended June 30 2023

<i>S/No</i>	<i>Strategic Objective as per CIDP</i>	<i>Targeted Outcome</i>	<i>Performance/Progress</i>	<i>Remarks</i>
			Paved 120 kms of road from the targeted 200 kms	
			Gravelled 450 kms of road out of the targeted 500kms	
		Increased travel mobility and accessibility to safe transportation system	Constructed 70 km of walkways and footpaths out of the targeted 250 kms	
			8Number Traffic signals were installed	The achievement below the targeted 309 Number
			5 Number Footbridges were constructed	The achievement below the targeted 10 No
		Increased public safety and security	Installed 13,000 Number Of public & street lights, out of the targeted 8,500 Number	The targeted was surpassed due to additional budget allocation
			4 Number Fire stations were constructed (Kangundo road, Waithaka, Ruaraka and Gigiri)	Target was achieved
2	Provide economic growth opportunities to diverse groups	Improved empowerment to diverse groups	Identified and developed 355 youth talent in various	Overperformance was because of collaborations with partners

S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress	Remarks
	including youth, women, PWD's		sporting discipline out the targeted 250.	
			2300 youth were trained on empowerment programs. The target was 1300 Number Of youths	This achieved due to collaborations with partners
			460 Number of MSME were trained out the targeted 1000 Number	
			Established 1Number of cottage industry (Kariokor leather industry	The project is complete
		Increased trading spaces	6 Number of markets were constructed and 4Number rehabilitated	The target was 5Number and 7Number Respectively. Target not achieved due to budget constraints
3	Provide reliable, accessible, quality and affordable healthcare	Increased access to health services	Increased public health facilities by construction of 119 Number	Achieved by help of NMS
			Increased Number of public health facilities with specialized	Under performance due to low budget allocation

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S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress	Remarks
			diagnostic services from 3 to 4 against the target 6	
			Equipped 15 Number Of ambulances against the target of 11	The target was surpassed due to support from development partners
4	Provide accessible, affordable and quality ECD and vocational opportunities for all,	Increased access to ECD and vocational training	Increased gross enrolment to 30000 against a target of 30,000	This is attributed to abolition of school levies, recruitment of 717 ECDE teachers and implementation of school feeding programs through disbursement of capitation grants to all public ECDE centres.
			Increased VCT enrolment from 414 in 2018 to 1271 in 2022	Performance attributed to construction of new VTC centres
			Bursary and scholarship grew from 100,000 in 2018 to 276,000 in 2022	This achievement is attributed to increased budgetary allocation

S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress	Remarks
			Constructed 20Number Of ECDE centres out of the targeted 85Number	Under-performance due to inadequate funding
			Constructed 13Number Of VTC from the targeted 29Number	Target not achieved due to low budget allocation
5	Promote food and nutritional security for all	Increased crop production;	Reached out to 15,400 farmers through extension services	
			Constructed 400 multi storey gardens for informal families	
			Installed 7 drip irrigation kits and 9 green houses	The target was 60 drip kits and 77 green houses. This was not achieved due to financial constraints.
		Increased fish production	Constructed 10 fish fonds out of the targeted 100	
			Installed 7 fish tank unites out of the targeted 76	
6	Promote good governance, public participation and rule of law	Improved good governance	Improve good governance from a baseline of 20% to 60%	This was achieved due to development and implementation of the corruption

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S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress	Remarks
				eradication policy, conducting integrity test to enhance
				accountability in the County
7	Increase access to affordable and quality housing	Enhance security of tenure	Surveyed 10,000 NUMBER Of county properties	The target was not met due to financial constraints
			Issued 6,500 number of tittles	
		Increased utility of county rental properties	Rehabilitated 520 no of county rental houses	
8	Provide clean energy, safe drinking water, waste management and sanitary services in a secure sustainable environment	Improved waste collection and transportation	Solid waste collection has increased to over 3,000 tonnes per day from a previous daily average of 1800 tons per day.	
			Installation of a new weighbridge at the Dumpsite awaiting calibration, testing and commissioning	At 90% complete pending payment
			Construction of 2 Number Material Recovery Facilities	At 60% complete. This is because some of the

S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress	Remarks
			underway at Muthurwa Market and Mowlem.	identified sites have land disputes
		Improved landscapes	Beautification and landscaping of NMS 19Number newly constructed hospital compounds has been completed and well maintained	NMS support
			Beautification of the bus terminuses that NMS has established such as Green Park, Park Road and Desai Road	NMS support
			Beautified 30 medians and frontages through Public Private Partnership arrangements	PPP arrangements
			Planted 1,044, 250 tree seedlings out of a target of 5,000,000 by agriculture sector	Low budgetary allocation
		Increased access to safe drinking water	Developed 193 number of boreholes within the	Athi Water support

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<i>S/No</i>	<i>Strategic Objective as per CIDP</i>	<i>Targeted Outcome</i>	<i>Performance/Progress</i>	<i>Remarks</i>
			city through Athi Water Services	

Progress on Attainment of Development Objectives from Annual Development Plan for FY 2022/23

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:

Objective	Outcome	Indicator	Performance
MOBILITY AND WORKS			
To develop and maintain roads and storm water drainage to standards	Increased efficient transportation of people, goods and services	Number of km of roads developed	100
		km rehabilitated	102
		% of roads network maintained	100
		Number of km of storm water drainage developed	91
	Increased mobility, safety and accessibility	Number of foot bridges developed	7
		Number of motorable bridges developed	10
		Number of developed box culverts	10
		Percentage of Maintained and repaired motorable bridges	50
To develop and maintain street and security	Increased public safety and security	Percentage level of maintained public lights	48

Objective	Outcome	Indicator	Performance
lighting infrastructure	Increased economic activities	Percentage level of Maintained Electrical Installations	50
		% level of completion of installation of traffic management system	50
To operate and maintain transport infrastructure	Increased travel mobility and accessibility to safe transportation system	Number of Public transport facilities developed/ Rehabilitated	7
		Number of km of walkways and NMTs constructed	30
TALENT, SKILL DEVELOPMENT & CARE			
To increase the enrolment and retention of learners in Pre-primary Schools	Increased enrolment and retention of learners in Pre-primary Schools	Number of New ECDE centres Constructed	5
To increase access to Secondary and Tertiary Education	Increased access to Secondary and Tertiary Education	Number of learners benefiting from NCCG Scholarships & Bursary	107,000
To increase access & retention to quality Vocational Training and Education	Increased access to VET	Number of perimeter walls Construction	1(Kiwanja VTC)
		Number of VTCs Equipped with modern & specialized training tools and equipment.	5
		Number of VTCs Equipped with furniture & Office Equipment.	11
		Number of VTCs with operational	3

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Objective	Outcome	Indicator	Performance
		Income Generating Activities (IGAs).	
To increase access to	Increased safety of the children	Number of Children rescued and rehabilitated	369
safeguarding services for street-connected and other vulnerable children		Number of Children with provided with psychosocial (counselling, therapy & trauma healing)	403
		Number of Children reintegrated, re-socialized and reconciled with families.	142
To provide Protection, care services & Psychosocial support to the Aged and other vulnerable persons/ Groups.	Increased care for elderly persons	Number of Clients provided with Psychosocial support	2734
		Number of older persons in the County facility provided with Care and protection	43
		Number of older persons provided with Care and protection through outreach programs	150
		Number of clients empowered with business skills training and startup kit.	153
To increase access to recreational services	Increased awareness on recreational activities and services	Number of Recreational Festivals Held	4
		Number of Capacity Building forums Held	5
		Number of Exchange programmes Held	2

Objective	Outcome	Indicator	Performance
		Number of Mixed Martial Arts events held	4
		Number of recreational festivals held	1
To develop and promote sporting talents	Increased access to sporting activities and services	Number of Sports Complexes established	2
		Number of Basket Ball Courts constructed	5
		Number of individuals with sports talent identified and nurtured	17
		Number of teams equipped with sporting kits	13
		Number of Nairobi marathon competitions held	1
		Number of Sports Festivals and tournaments held	6
		Number of KICOSCA EALASCA KYISA events participated in	1
To improve access to quality library services	Increased Knowledge and reading culture	Number of libraries automated	1
		Number of information materials acquired	2700
INNOVATION AND DIGITAL ECONOMY			
To promote optimal use of ICT in the County	Increased utility of ICT services in Nairobi County	% of cabling & fibre connectivity	100% in 17 sites
To promote automation of services	Increased automation of County services	Number of services using GIS	6

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Objective	Outcome	Indicator	Performance
To build in-house and client capacity in the use of ICT	Increased ICT literacy among County staff and residents of Nairobi	Number of E - learning centres and information hubs created	1
		Number of users	100
		Number of staff trained	800
BUILT ENVIRONMENT AND URBAN PLANNING			
To provide decent and affordable housing.	Increased access to quality affordable housing	Number of renovated housing units in targeted estates.	1,589
		Number of renovated Estate offices	1 Number Complete (Makadara offices)
		Number of housing units developed	Construction ongoing for 1562 units at Pangani estate (phased) and 1803 units at Jevanjee estate
FINANCE AND ECONOMIC PLANNING			
Ensure compliance with statutory requirement	Improved compliance with statutory requirement	Number of budgets estimates done	1
		Number of CBROP prepared	1
To improve asset management	Improved management of county assets	% of County Assets Register Updated	100
		% Insured of Serviceable Motor Vehicles	100
To strengthen policy formulation planning and budgeting	Adequate policy formulation and planning	Number of CIDP prepared	1
		Number of ADPs prepared	1
		Number of CFSP prepared	1
		Number of public participation forums conducted	2
INCLUSIVITY, PUBLIC PARTICIPATION AND CUSTOMER CARE			

Objective	Outcome	Indicator	Performance
To strengthen public participation and Civic education	Increase awareness and involvement of residents in governance	Number of forums Conducted	68
To increase Customer Service Satisfaction Rate	Improved customer satisfaction	Number of customers attended to	79,500
		Number of orientated staff	5,111
		Number of operationalized customer service stations	17
To empower, promote and safeguard City Culture & Arts	Increased number of cultural and artistic empowerment programs to safeguard and preserve county's cultural heritage	Number of festivals held	6
		Number of cultural exhibitions organized	1
To promote Tourism Development in the County	Increased number of tourism activities	Number of exhibitions organize	2
		Number of tourism database developed	1
		Number of policies developed	1
		Number of tourism documentary developed	1
		Number of World tourism week cerebrations	1
DISASTER MANAGEMENT & COORDINATION			
To improve the efficiency and capacity of the Disaster management and Coordination Sector	Improved emergency response and public safety	Number of Minutes in Response Time	Reduced to 9 minutes
		Number of Conducted public awareness programs	Conducted 3Number public awareness programs
		Number of Business premises inspected	Inspected and issued 11,688Number
AUDIT SERVICES			

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Objective	Outcome	Indicator	Performance
To give reasonable assurance through the committee on the state of risk management, control and governance within the organization.	Reduced risk exposure	Number of risk assessment reports	11
		Number of audit committee meetings held	2
		Number of audit reviews	11
BOROUGHES AND SUBCOUNTY ADMINISTRATION			
To Upscale decentralization of the services to the lowest subscribed level	Enhanced coordination and service delivery at the decentralized units	Number of public forums held	1
		Number of furniture and equipment procured	2
		Number of offices constructed	1
		Number of buildings renovated	1
PUBLIC SERVICE MANAGEMENT			
To improve work environment	Improved work environment	Number of offices refurbished	Reforms Offices & Boardroom. Registry (4 th floor) and M&E renovation complete
		Number of working tools and equipment procured	Working tools procured
To develop uniform policy	Developed uniform policy	Number of uniform policies developed	1Number: uniform policy developed
To develop guidelines on TOR	Guidelines on TOR developed	Number of reports prepared	2Numberreports prepared
To update skills inventory	Updated inventory	Number of records entered	3150 records updated, 209Numberupdated in IPPD system
To do Capacity building and Sensitization programmes	Sensitization programmes actualized	Number Programs Identified	600Number sensitized on mental health

Objective	Outcome	Indicator	Performance
			6036 Number on financial management and pre-retirement 639 Number sensitized on VERS 3882 Number sensitized on cross cutting issues (ADA, HIV & AIDS, 7410 financial wellness)
To formulate Career Development programmes	Formulated career development programmes	Number Programs developed	4 Number officers trained on Supervisory skills course 97 Number Senior management courses 16 Number Strategic leadership course 49 Mentoring and coaching

GREEN NAIROBI**AGRICULTURE, FOOD & FORESTRY**

To Increase agricultural food and nutrition security, income generation and job creation.	Increased food production and job creation	Number of farmers reached with agricultural extension messages	12,809
To increase the tree, cover in the County	Increased tree cover	% Regulation of tree cutting & pruning	100%
		Number of trees grown	164,450
To reduce the incidences of animal diseases and pests	Reduced incidences of animal diseases and pests	Number of animals vaccinated	2,370
	Regulation of livestock movement	% Regulation of livestock movement	100%
To safeguard human health	Reduction of rabies incidents	% of dogs licensed	8

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Objective	Outcome	Indicator	Performance
by reducing rabies incidences			
To enhance agricultural food safety	Certified meat carriers	% Meat carriers / containers certified	100%
To establish a sustainable urban Food System	Establishment of framework on food system	Number, of retail food markets mapped	12
		Participation at the Bi-annual Milan Urban Food Policy Pact (MUFPP)	100%
		Sector Stakeholders engagement in formulation of planning documents	100%
		Conduct monitoring and evaluation missions	8
To Capacity build service providers on identified opportunities enhanced	Enhanced skills	Percentage implementation of ASDSP	100%
ENVIRONMENT, WATER & SANITATION			
To manage county public recreational parks and improve the aesthetic value of the environment	Increased access to public recreational parks and open spaces	Number of recreational spaces established	5 parks rehabilitated
		Number of tree nurseries	1 tree nursery established
		Number of trees planted	570, 000 trees planted
To improve solid waste management in the city	Increased level of cleanliness in the city	Daily solid waste collection	3,200 tonnes per day
BUSINESS AND HUSTLER OPPORTUNITIES			
To create an enabling		Number of trading spaces	Initiated construction of 20

Objective	Outcome	Indicator	Performance
environment for domestic and international trade and investment	Increased business investment in the county by local and international investors		Markets across the county
			6 markets repainted
			Construction of modern kiosks in 6 Wards
		Number of investors	80% of sheds constructed
		Number of cooperative societies registered	112
COUNTY ADMINISTRATION			
To provide custodial services for county records	Increased safety in the management of county records	Number of county records safely managed	1 unit bulk filer procured
		Number of Branded folders procured	3000 branded folders procured
To coordinate smooth running of the county functions in all sectors	Increase efficiency in provision of county public services	Number of generators procured	1 generator procured
WARD DEVELOPMENT PROGRAMME			
To enhance connectivity and ease access to various facilities within the county	Enhanced connectivity	Number of Foot and motorable bridges constructed	1
To enhance security Increase of business time and reduction of crime.	Enhanced security	Number of public and street lighting and high masts installed	1
To enhance mobility	Accessibility within the county.	Number of kilometres constructed.	9000m.
To offer conducive learning environment for learners.	Access to quality education.	Number of ECD classes constructed	1

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Objective	Outcome	Indicator	Performance
To enhance access to health care services	Enhanced access to health care services	Number of health facility constructed	1
To improve business environment	Conducive business environment	Number of markets constructed	1
To improve social amenities	Constructed social hall	Number of constructed social halls	1
To improve the sporting facilities	Conducive environment for sports	Number of rehabilitated sport facility	1
HEALTH, NUTRITION AND WELLBEING			
To reduce incidences of preventable illnesses and mortality at the County level	Reduction of HIV related mortality and new infections	% of mother to child transmission of HIV	3.70%
		Number of Persons tested for HIV	687,911
		Number of Staff trained on HIV	200
	Reduction of TB transmission	Number of TB cases identified and put on treatment	14,269
		% of TB patients screened for HIV	92
		TB success rate (%)	85%
		Number of clients put on TB preventive therapy (TPT)	3353
		Number of Staff trained on TB	30
	Malaria and other communicable diseases controlled	%age of required Malaria Commodities procured	70
		Number of Staff trained on malaria and other communicable diseases	50
	Improved maternal and child health services	Number deliveries conducted by skilled attendant	135,211

Objective	Outcome	Indicator	Performance
		Number of women of reproductive age receiving family planning services	432,173
		Number of fully immunized children	124,895
		Number of preterm and low birth weight neonates initiated on kangaroo mother care	4,406
		Number of children under 5 years with pneumonia treated with Amoxicillin DT	43,386
		Number of children under 5 years with diarrhoea treated with ORS and Zinc in the facility	75,814
	Increased demand and access to quality GBV s services	Number of functional Tumaini Clinics	1
		Number of survivors accessing SGBV services	6970
		Number of health facilities providing quality SGBV services	48
		Hold TWGS and biannually stakeholder forums	2
		Number of PSS/Gender Trainings	4
		Number focal persons trained on Gender mainstreaming	1
		Number of GBV programme review forums	1

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Objective	Outcome	Indicator	Performance
To Promote healthy lifestyles and create supportive environments for health and well being	Increased promotion of wellness, mental wellbeing and prevention of mental disorders	Number of people screened and treated for mental, neurological and substance use disorders	10,432
		Number of patients with mental health conditions accessing psychotropic	32,366
		Number of facilities offering integrated mental health services	30
		Number of mental health practitioners employed	10
		Number of county mental health policy documents developed/County mental Health Bill	1
		Number of level IV facilities offering inpatient psychiatry services for Adults, Children & Adolescents and Perinatal women	1
		Number of healthcare workers capacity build on mental health	80
		Number of community mental health awareness sessions held	20
		Number of rehabilitation centres established	1
	Increased level of adherence to public health requirements	Number of development plans and land use applications vetted, approved and report	2890

Objective	Outcome	Indicator	Performance
		submitted within 7 days	
		Number of PHOs trained on Development control and climate change	67
		Number of food laboratory reagents bought	1200
		Number of premises inspected and have met minimum requirement on hygiene and sanitation	3210
		Number of quarterly CFFA forums held	4
		Number of food fortification sensitization forums held	2
		Number of bi annual sampling for fortified foods	1
		% of PHOs trained on food fortification surveillance	40
		Number of Policy documents on Food safety and fortification developed	0
		Number of food and water samples taken for laboratory analysis	1,844
		Number of food handlers examined and issued with medical certificates	645,488
		Number of sanitation & hygiene technical working	1

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Objective	Outcome	Indicator	Performance
		groups established and functional	
		Number of Public health facilities disposing off HCW	126
		appropriately	
		Number of households with access to a sanitary facility	45,386
		Number of Households with access to safe water	840,805
		Number of villages with reduced Open defecation	67
		Number of enterprises regulated on Faecal; Sludge Management	2
		Number of workplaces audited and have complied with occupational health and safety regulations	121
		Number of Public health legislations enacted	0
		Number of staff Capacity Built on emerging and re-emerging issues	265
		% of suspected cases screened and investigated promptly as per standard guidelines	100%
	Increased Epidemiology Disease Control	% of health staff trained in surveillance and response	60%
		% of health facilities giving weekly	100%

Objective	Outcome	Indicator	Performance
		epidemiological data	
		Number of commercial premises fumigated against pests and vermins	4325
		Number of people (travellers) vaccinated as per international travel health regulations	2554
		Number Public Address Systems bought and deployed to County and Sub Counties	10
	Increased social behavioural change in health issues	Number of Health Promotion Officers (HPOs) employed and deployed	0
		Number of Health messages designed distributed and disseminated	28000
		Number of public literacy sessions held	100
		Number of Health Care Providers Trained on SBCC/HCBC	200
	Increased Health care waste management	Number of disseminated policies, guidelines, and standards	1
		Number of improved infrastructures, commodities and equipment supply	32
		Number of staff with increased capacity, training and awareness	25

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Objective	Outcome	Indicator	Performance
		% advocate for more resource to increase efficiency	30
		Number of promotional best practices in HCWM system	20
		Number strengthen M&E and operational research	4
	Scaled up and strengthened Community health services	Number of functional community Health Units	746
		Number of persons referred from community health Unit to facility	60,643
		Number of households reached by CHVs with health promotion messages	2,423,188
		Number of community scorecard conducted	746
		Number of community dialogue days held	6,927
		Number of CHVs with community Health Kits	882,076
		Number of CHVs with community-based health information tools/e CHIS mobile phones	882,076
		Development of Nairobi City County Community health Services regulations	1
		Number of CHVs receiving performance-based	35%

Objective	Outcome	Indicator	Performance
		stipends including NHIF cover	
		Number of CHS personnel capacity build on preventive and promotive indicators	80
		Number of community health units linked to primary care networks	746
		Number of outreaches held from facility to community	11
To halt and reverse the increasing burden of non-communicable conditions	Reduced non-communicable conditions	Number of clients screened for NCDs	210,000
		Number of ACSM activities on prevention and control of NCDs	8
		Number of clients treated for other NCDs	151,918
		Number of clients treated for high blood pressure	89,803
		Number of clients treated for diabetes	45,372
		%age of required NCD Commodities procured	30%
		Number of staff Capacity Built	50
		Number of women of reproductive age screened for cervical cancer	6585
		Number of women screened for breast cancer	202,928
		Number of health care workers capacity build on	50

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Objective	Outcome	Indicator	Performance
		breast and cervical cancer screening	
		Number of men above 40 years screen for prostate cancer using PSA test	568
		Number Bi Annual Wellness weeks celebrated	1
	Reduced modifiable risk factors for non-Communicable Diseases.	Number of Bi Annual Wellness weeks celebrated	1
		Number of Health campaigns promoting messages on healthy lifestyle and wellness	2
	Increased distribution networks for the human Milk Bank at Pumwani Maternity hospital	Number of Satellite Human Milk Banks established	1
		Number of small and sick new-borns fed on Donor human milk	819
		% of children under 5 years underweight	5.6
		% of children under 5 years stunted	0.01
		% of children under 5 years with Acute Malnutrition <-2 score	0.01
		% Adults Overweight or obese (>25 kg/M2)	3
		% of pregnant women receiving Iron Folate for at least 90 days	50
		% children aged 6 - 59 months receiving Vitamin A	194

Objective	Outcome	Indicator	Performance
	Increased Baby Friendly Initiatives targeting the workplace, Community Health Units and health facilities to improve infant feeding practices.	supplements twice a year	
		% infants 0-6 months on exclusive breast feeding	87
		Number of Community Health Units implementing Baby Friendly Community Initiative (BFCI)	2
		Number of organisations with lactation stations at the workplace	1
		Number of staff trained on Baby friendly initiatives (BFCI & BFHI)	20
		Number of the Nairobi School Feeding program bill drafted and tabled at the county assembly	1
		Number Administrative costs met	
	Contextualizing and implementation of the comprehensive school health policy.	Number of the Nairobi County comprehensive school health policy and guidelines developed and disseminated	1
		Number staff trained on the 8 thematic areas on National school health policy	475
		Number Schools with established school health clubs	275
		Number Information Education and	750

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Objective	Outcome	Indicator	Performance
		Communication materials developed	
		Number of learners reached with health messages	142050
		Number of multisectoral review meetings held	1
	Improved nutrition of learners in primary schools and ECDs.	Number of school going children with nutrition status assessed bi-annually	59,819.00
		Number of school going children dewormed	59,819.00
		Number of school going children <59 months supplemented with vitamin A	355,786
		Number of public health facilities with specialized diagnostic services	2
	Increased essential health services	% of under 5's treated/managed for diarrheal diseases	6%
		% of new outpatients with mental health conditions	6%
	Reduced impact of violence and injuries	% new outpatient cases attributed to Road traffic Injuries	2.70%
		% new outpatient cases attributed to other injuries	8%
		% of population experiencing sexual and gender-based violence	1%
	Improved of child Health services	Number of preterm and low birth weight neonates initiated on	1,925

Objective	Outcome	Indicator	Performance
		kangaroo mother care	
		Number of preterm and low birth weight neonates fed on Donor Human Milk	819
		Number of children under 5 years with pneumonia treated with Amoxicillin DT	16,632
		Number of children under 5 years with diarrhoea treated with ORS and Zinc in the facility	27,729
	Health Products and Technologies security enhanced	Availability of real-time end-to-end visibility of tracer HPT through automation	
		Proportion of Health facilities with stock out for the tracer essential HPT for 7 consecutive days in a month.	15%
		Number of HPT Data Quality audits conducted	1
		Number of HPT technical support supervisions done	1
		Number of HPT order cycles done	2
		Commodity Security TWGs meetings held	1
		Proportion of donor to government funding for essential HPT	50%
	Improved Rehabilitative services	Number of persons with disabilities newly identified and	2269

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Objective	Outcome	Indicator	Performance
		referred for rehabilitation	
		Number of persons with disabilities receiving	36663
		rehabilitation services	
		Number of people with disabilities assessed for registration with the National Council for PWDS	1800
		Number of facilities offering medical rehabilitation services	35
		Number of Healthcare workers trained on prevention, early identification and referral of disabilities	225
	Improved Emergency and referral services	Number of fully equipped Ambulances in the County	15
		% of health workers on emergency & trauma, care services skills	198
		Emergency Operation centre Established	1
	Improved Health facilities operating optimally	% Health facilities optimally equipped)	10%
	Efficient allocation and management of financial resources	Number of health sector procurement plan developed and disseminated	1
		Number of health sector budget estimates developed and disseminated	1

Objective	Outcome	Indicator	Performance
		Number of Quarterly financial review workshops	4
		Number of MTEF report developed (planning workshops and public participation forums)	1
	County AWP developed	AWP developed	1
	Enhanced governance, planning and strengthen health systems	Number of health bills documents developed	2
		Nairobi Health Policy reviewed	1
		Nairobi County Health Sector Strategic Plan reviewed and disseminated	1
	Provision of quality data/information to meet needs and expectation of users	Number of bi annual review meetings held (performance reviews)	1
		Number of meetings with the SCHRIOs for data review and feedback reports	2
		Number of public facilities with integrated established Electronic Medical records	18
		Number of copies of data collection and reporting tools (health facility and community printed and distributed	1000
		Number of County M&E TWG meetings 2 annually	1

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Objective	Outcome	Indicator	Performance
		Number of health workers trained on integrated health information systems	50
		Number of	2
		supportive supervisions conducted on data management (4)	
		Number of quarterly DQA conducted at all service delivery levels	2
	Improved Quality of health services	Number of health facilities audited for Quality of services	10
		Number of functional QITs	240
	Strengthened stakeholders/intergovernmental collaboration and liaison activities	Number of stakeholders' fora held	2
		Number of times the Partnership Engagement Framework Document reviewed, disseminated and operationalized	1
		Number of MoUs reviewed and signed	80
		Number of new partners introduced and linked to NCCG - Health sector	35
		Number of intergovernmental and investor (local and foreign) linkage activities	12
		Number intersectoral and interdepartmental M&E liaison activities	12

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Objective	Outcome	Indicator	Performance
	Enhanced administrative and support services	Sponsored Medical, Surgical and Dental camps	76
		Number of health personnel trained on government approved trainings	360
		Number of staff on performance contract	1
		% of staff on performance appraisal	4
		Number of CHMT meetings held	6
		Capital projects implemented (See separate detail)	108
	Strengthen health research and development	Number of research guidelines and standard operating procedures developed and disseminated	1
		Number of research review meetings held	6
		Accreditation of the Research Ethics committee by NACOSTI	1

6. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

Key development objectives of the Nairobi City County

- i. Provide quality physical infrastructure in the City
- ii. Provide economic growth opportunities to diverse groups including youth, women and persons living with disabilities (PWDs)
- iii. Provide reliable, accessible, quality and affordable healthcare
- iv. Provide accessible, affordable and quality ECD and vocational opportunities for all
- v. Promote food and nutritional security for all
- vi. Promote good governance, public participation and rule of law
- vii. Increase access to affordable and quality housing
- viii. Provide clean energy, safe drinking water, waste management and sanitary services in a secure sustainable environment

2. Environmental performance

The County has a draft Environment Policy.

Successes include:

- a) Formulation of a Sustainable Waste Management Action Plan. This is a strategy for a paradigm shift from linear to the circular economy model.
- b) Implementation of the Waste Management Action Plan.
- c) Clearing of 33 illegal dumpsites
- d) Formulation of a draft Air Quality Policy
- e) Formulation of a draft Air Quality Action Plan.

Shortcomings include:

- a) Inadequate legal framework
- b) Inadequate resources including workforce, tools, equipment and infrastructure
- c) Inadequate funding
- d) Lack of a data and information management system
- e) Inadequate awareness amongst the populace
- f) Inadequate compliance and enforcement system

Efforts to manage biodiversity include:

- a) Planting greenery in public open spaces.
- b) Provision of tree seedlings and flowers to stakeholders for planting and nurturing.
- c) Maintenance of green public spaces.

3. Employee welfare

The County Government of Nairobi City engages its stakeholders during recruitments especially the Salaries and Remuneration Commission in determination of salaries and allowances of public service officers. The county also engages the Public Service Commission to manage human resources in the Kenya civil service and the local authorities.

The following are efforts made in improving skills and managing careers, appraisal and reward systems

i) Improving skills and managing careers

Training

The HR sector within the county conducts regular Sectoral Training and Development Committee Meetings to guide and approve courses undertaken by staff members to improve on career progression and development. The Sector also conducts in-house training for short courses to staff members to enhance their work performance. Continuous Professional Development courses for County Professionals (Accountants, Health workers, Engineers and Human Resource Professionals)

ii) Appraisal and reward system

The Public Service Management Sector

Mid-term and end-term performance appraisal system and Performance Contracting assessment have been continuously undertaken to identify training gaps with a view of bridging the gaps through various interventions.

iii) Safety

The Public Service Management Sector Ensures;

- a. Provision and maintenance of safe plants and system at the work place
- b. Absence/ elimination of all risks at the workplace
- c. Provision of information to employee on Safety and Health at workplace
- d. Carrying out workplace risk assessment is undertaken

- e. Provision and maintenance of Safe Health State at workplace
- f. Registration of workplace with the Directorate of Safety Health Services
- g. Send notice of accident occurrence, cases of occupational diseases to Directorate of Safety Health Services

4. Market place practices-

a) Responsible Competition Practice

On anti-corruption, we ensure transparency in all decisions made within our area of jurisdiction e.g., open tendering, and involvement of all stakeholders.

On responsible political involvement, we ensure impartiality in every area of where we are involved in by being fair at all times. On Fair Competition and Respect for competitors in our operations, we ensure that bidding is open to whoever is willing to participate and ensure the ultimate winner is awarded.

b) Responsible Supply Chain and Supplier relations

Nairobi City County maintains good business practices by ensuring that the environment is favourable for business, stake holder's participation and proper communication either through print media and broadcast.

The county government treats its own suppliers responsibly by honouring contracts and respecting payment practices which is exhibited through settlement of pending bills.

c) Responsible Marketing and Advertisement

The County Government maintains ethical marketing practices by ensuring stakeholders participation and adequate communication through notices, print and broadcast media.

d) Product Stewardship

The County Government safeguards Consumer rights and interests by involving them in decisions affecting them e.g., revision of the Valuation Roll used to levy land rates.

5. Community Engagements

The County Government engaged the Community when developing Annual Development Plan (ADP) 2022-2023 and County Fiscal Strategy Paper (CFSP) 2021-2022 through public participation forums in all the eighty-five wards in the county.

6. Others

The County Government issues education bursaries to needy students in secondary schools and tertiary institutions in all the wards every school term. ECD centres in all wards offer free ECD lessons with dietary supplements to pre-primary pupils. In addition, the Agriculture Sector trains, urban farmers on modern farming practices and provides them with free seedlings and farm implements.

7. Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive; (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 Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's financial statements, 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). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2023, and of its financial position as at that date.

The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the CEC member for finance confirms that the County Executive's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

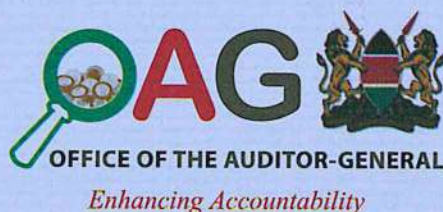
The County Executive's financial statements were approved and signed by the CEC member for finance on **15th December 2023**



.....
County Executive Committee Member – Finance and Economic Planning

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF NAIROBI CITY FOR THE YEAR ENDED 30 JUNE, 2023

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Executive of Nairobi City set out on pages 1 to 60, which comprise of the statement of assets and liabilities as at

30 June, 2023, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of the County Executive of Nairobi City as at 30 June 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Variances Between the Financial Statements and the Trial Balance

Review of the Integrated Financial Management Information System (IFMIS) trial balance and financial statements provided for audit revealed the following variances on all items reflected in the financial statements as tabulated in **Appendix I**.

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

2. Variances Between the Financial Statements and the Ledger

The statement of receipts and payments reflects total payments of Kshs.29,245,339,097. However, review of the ledger balances in comparison with the reported amounts in the financial statements revealed variances totalling Kshs.5,019,241,311 between the two sets of information as tabulated in **Appendix II**.

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

3. Inaccuracies in Pending Accounts Payables

Note 15 to the financial statement reflects pending accounts payables balance of Kshs.98,267,457,303, with Kshs.18,975,058,162 being paid or adjustments during the year. However, Note 3 and Note 7 to the financial statements reflect other creditors balances of Kshs.1,364,849,686 and Kshs.523,731,168 respectively all totalling to Kshs.1,888,580,854 resulting in an unexplained variance of Kshs.17,086,477,308. Further, the amount is supported by a summary of pending bills listing totalling Kshs.107,255,718,046 resulting to an unexplained variance of Kshs.8,988,260,743.

In the circumstances, the accuracy and completeness of pending accounts payables balance of Kshs.98,267,457,303 could not be confirmed.

4. Misclassification of Expenditure

Review of the ledgers for various expenditures on account items in respect of use of goods and services, other grants and transfers and acquisition of assets revealed that the Management charged items to account codes contrary to the listing approved under the chart of accounts resulting to misclassification of expenditure totalling Kshs.319,547,787 as shown in **Appendix III**. The misclassification constitutes 11% of the total expenditure of the audited items.

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

5. Inaccuracies in Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.1,441,968,898 as disclosed in Note 9A to the financial statements. Review of records provided for audit in respect to the bank balances revealed the following anomalies:

- i. The KRB-RMLF bank account with a balance of Kshs.818,197,395 had an inaccurate opening balance leading to a variance of Kshs.147,074,329.
- ii. The recurrent bank account had inaccuracies in the bank statements leading to a calculated closing negative balance of Kshs.364,816,676 which differs with the reported Nil balance.
- iii. The revenue bank account had a variance between the reported Nil balance and the calculated balance of Kshs.1,939,022,373. The Nil opening balance also differed with prior year audited balance of Kshs.1,272,610,648.
- iv. The Youth Poly PRJ Grant account with a balance of Kshs.31,313,192 had been dormant for the last two years.
- v. The reported bank balances for the various bank accounts held in forty-three (43) commercial banks as disclosed in Note 9A with a total balance of Kshs.561,016,196 were not supported by cash books, bank reconciliation statements, certificates of bank balance and board of survey reports.
- vi. In addition, review of certificates of bank balances revealed that the County operated an account in Cooperative Bank with a closing balance of Kshs.3,482,618 as at 30 June, 2023. However, the bank account and the corresponding cash balance had not been reported in the financial statements while the cash book, bank reconciliation statements and the board of survey reports were not provided for audit.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,441,968,898 could not be confirmed.

6. Unsupported Payments for Nairobi Metropolitan Services (NMS) Contracts

The statement of receipts and payments reflects payments amounting to Kshs.3,547,600,112 in respect of acquisition of assets as disclosed in Note 7 to the financial statements which includes payments in respect of expenditure incurred by the Nairobi Metropolitan Services in respect of construction and civil works and construction of roads amount of Kshs.424,747,460 and Kshs.195,865,298 respectively all totalling Kshs.620,612,758. However, no documentation was provided to confirm the outstanding payments under NMS were transferred to the County and approved for payment appropriately. Further, the County transferred Kshs.2,726,066,440 to NMS during the financial year under review.

In the circumstances, the accuracy and completeness of acquisition of assets amount of Kshs.620,612,758 could not be confirmed.

7. Unsupported Utilities, Supplies and Services

The statement of receipts and payments as disclosed in Note 3 to the financial statements reflects use of goods and services amount of Kshs.7,672,936,323 which includes an amount of Kshs.403,963,357 in respect of utilities, supplies and services. However, review of the ledger and the bank statements revealed transactions amounting to Kshs.31,663,334 recorded as paid during the financial year but could not be traced to the bank statements. Further, review of sampled payment vouchers totalling Kshs.163,693,995 revealed that the payments were not supported with a register/ ledger for the account numbers being billed and subsequently paid for nor were they supported with invoices and bills to authenticate the payment.

In the circumstances, the accuracy and completeness of the payments under utilities amounting to Kshs.163,693,995 could not be confirmed.

8. Unsupported Payments for Goods and Services

Review of bank statements shows that various suppliers were paid a total amount of Kshs.60,866,140 for the supply and delivery of goods which included flood lights and drainage materials. However, these payments could not be traced to the ledgers while the payment vouchers were not provided for audit. Further, deliveries could not be traced to the stores records during stores inspection carried out on 4 October, 2023 at the electrical stores along Ladhies road and materials stores along Nanyuki road.

In addition, Management did not provide payment vouchers and other supporting documents including requisitions, AIE approvals, procurement plan, requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders, deliveries, inspection and acceptance certificates and invoices.

In the circumstances, the accuracy, completeness and regularity of the payments amounting to Kshs.60,866,140 could not be confirmed.

9. Inaccuracies in Compensation of Employees

The statement of receipts and payments and as disclosed in Note 2 to the financial statements reflects compensation of employee expenditure for the year totalling to Kshs.11,185,475,652. Review of the Integrated Personnel Payroll Database (IPPD) payrolls for the twelve months revealed that the County paid a total of Kshs.8,769,711,062 being basic wages of permanent employees and personal allowances paid as part of salary. However, the amount differs with the reported amounts under Note 2 to the financial statements of Kshs.10,031,889,268 resulting to an unexplained variance of Kshs.1,262,178,205. Further, the amount of compensation of employees' expense for the year totalling Kshs.11,185,475,652 differs with the total payments traced to the salaries bank statement amount of Kshs.9,793,541,055 resulting in an unreconciled variance of Kshs.1,391,934,597.

In addition, compensation of employee includes Kshs.161,007,644 and Kshs.92,798,635 relating to basic wages of temporary employees and personal allowances paid in kind respectively. However, Management did not provide documents in support of the reported expenditure which include payments vouchers, master rolls, payrolls, and bank transfer details.

In the circumstances, the accuracy and completeness of the expenditure on compensation of employees amounting to Kshs.11,185,475,652 could not be confirmed.

10. Return to Drawer and Cash Transactions

Review of the payment details provided for audit shows that transactions totalling Kshs.578,800,554 were categorised as "R/D Cheques" during the financial year. Further, transactions totalling Kshs.763,120,311 were categorised as "Cash" during the financial year. Management explained that R/D cheques resulted from payments not honoured due to wrong account number or payee while cash relates to payments in respect to R/D cheques. However, it's not clear how the errors in bank details arise given that the documents and details relating to the bank accounts are provided by the respective payees and documented in Integrated Financial Management Information System (IFMIS). Further, based on the explanation given it is expected that the R/D Cheques should equal to the cash transactions in the payment process thus the resultant in an explained variance of Kshs.184,319,757.

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

11. Unsupported Payments from the Salary Account

Review of transactions in respect to payments made from the salary account revealed that the County paid Kshs.226,033,110 through forty-six (46) transactions to institutions and individuals in the form of imprests and other payments whose nature, purpose and relationship with compensation of employees' expenditure could not be determined. The expenditure constitutes unauthorized reallocation of employee benefits contrary to Section 43(1)(c) of the Public Finance Management Act, 2012.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Nairobi City 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of Matter

1. Budgetary Control and Performance

Review of statement of comparison of budget and actual amounts revealed a final expenditure budget amount of Kshs.39,613,916,280 against actual expenditure of Kshs.29,245,339,097 resulting to budget underutilization of Kshs.10,368,577,183 or 16% of the budget. Further, Note 15 on other important disclosures shows that the County committed an additional Kshs.17,870,142,546 which translates to total expenditure and commitments for the year of Kshs.47,115,481,643. This implies that the County over committed an amount of Kshs.7,501,569,363 over and above the approved budget.

In addition, review of the IFMIS payment details in relation to domestic travel and subsistence shows that the County over committed expenditure in excess of the approved budget provision by an amount of Kshs.154,574,102.

The over expenditure contravenes Regulation 42 of the Public Finance Management (County Governments) Regulations, 2015 under (1) requires that the accounting officer ensure that public funds entrusted to their care are properly safeguarded and are applied for purpose for only which they were intended and appropriated by the County Assembly.

2. Pending Bills Relating to Legal Expenses

Analysis of the revenue against the legal fees revealed that eleven (11) advocates out of a legal list of 832 cases, equivalent to 1%, are owed a total of Kshs.10,741,451,631 which is more than the total County own source revenue collected amount of Kshs.10,561,592,492. The eleven (11) lawyers also represent 50% of the legal pending bills.

A further 121 lawyers out of the legal list of 832 cases, equivalent to 14% of the total legal cases, are owed by the County a total amount of Kshs.10,216,529,826.

In the circumstances, for the County to pay the 132 advocates, it would mean that the County will need to collect own source revenue for a period of two years without providing any services to the public.

3. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and

Governance. However, the Management has not resolved the issues or given any explanation for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare and Submit Separate Fund Financial Statements

During the 2022/2023 financial year, Management did not prepare and submit financial statements for the Funds whose enabling legislation requires that they prepare books of accounts for audit. The funds include; Disaster and Emergency Fund, Nairobi City County Betting, Lotteries and Gaming Control Board and Ward Development Fund. However, the Fund's operations were combined together with the County Executive of Nairobi City financial statements.

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

2. Non-Submission of Budgetary Reports

Note 1 to the financial statement shows that the County withdrew Kshs.30,485,249,863 from the County Revenue Fund during the financial year 2022-2023. However, the County Treasury has not submitted monthly financial and non-financial budgetary reports to the Auditor General as required under Regulation 54 (1) of the Public Finance Management (County Governments) Regulations, 2015.

In addition, no projection of expected expenditure and revenue collection with necessary explanation of material variances on expenditures and respective steps taken to ensure that the projected expenditure and revenue remain within budget has been provided for audit verification.

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

3. Nairobi Pay Vendor Operating without a Valid Contract

During the year ended 30 June, 2023, Nairobi County operated a revenue management system called Nairobi Pay. The system automated the entire revenue streams in the County and held all information on critical matters such as land details, customer records, unpaid debts and all matters related to revenue. However, no records were provided for audit to show how the County engaged the vendor and the terms of service delivery which exposed the County to possible information confidentiality breach, integrity and availability of the system for service delivery. In particular, the County did not have a valid contract with the vendor nor did they have any Service Level Agreement (SLA) defining the terms of support of the revenue system contrary to Section 68 (2)(d) of the Public Finance Act of 2012 which requires that the accounting officer ensure that all contracts entered into by the entity are lawful and are complied with.

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

4. Irregularities in Acquisition of Assets

The statement of receipts and payments reflects total expenditure of Kshs.29,245,339,097 for the year. Included in the expenditure is Kshs.3,547,600,112 in respect to acquisition of assets. Review of payment vouchers in respect of construction of roads and civil works totalling Kshs.566,973,601 provided for audit review revealed various gaps which include noncompliance with procurement law, unsupported / failure to attach relevant documents in supports of payments, delayed and stalled projects as shown in **Appendix IV**.

In the circumstances, the value for money on the funds used in the projects could not be confirmed.

5. Irregularities in Projects Implementation

Review of construction projects undertaken by the County Executive of Nairobi City revealed that projects costing a total of Kshs.1,365,490,591 in respect of construction of various hospitals had stalled as shown in **Appendix V**. Further, review of documents provided for audit in respect of construction of health facilities revealed that a contractor was engaged to construct three health facilities at a contract sum of Kshs.869,400,000 during the 2020/2021 financial year. The projects included construction and equipping of Pumwani Lucky Summer Dispensary, construction and equipping of Pumwani Majengo Health Centre and construction and equipping of Gumba/Mabatini Dispensary. Field inspection on these projects carried out on 28 and 29 September, 2023 revealed the projects were not complete and labeled, perimeter wall was not done for Pumwani Majengo Healthy Center and the Lucky Summer Dispensary barely started and there is evidence of materials on site and the building is dilapidated.

Further, despite the failure to complete the projects, the same contractor was awarded another contract for the construction works at Mama Lucy Kibaki Hospital Phase II at a contract sum of Kshs.344,100,000. The project had also stalled after payment of Kshs.165,099,105.

In the circumstances, the value for money on the funds used in the projects could not be confirmed.

6. Irregular Procurement of Repairs and Maintenance

The County paid a service provider Kshs.4,043,816 for repairs & maintenance of motor vehicles during the year. Review of the payment voucher and supporting documents revealed anomalies as follows;

- i. Management did not provide a consolidated procurement plan for the financial year 2022/2023, neither was there evidence of approval of the same by the CEC member finance.
- ii. The payment was not supported by a requisition from the user department for approval by the Head of Procurement Unit.
- iii. The payment was not supported by requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders were not availed for audit verification contrary to Section 68(2)(d)(iii) of the Public Procurement and Asset Disposal Act, 2015, which requires the accounting officer for each tender, proposal or quotation that was submitted to maintain a summary of the proceedings of the opening of tenders, evaluation and comparison of the tenders, proposals or quotations, including the evaluation criteria used as prescribed;
- iv. The contract agreement in place binding the supplier with the procuring entity not provided.
- v. Inspections and acceptance committee was not formed to inspect, review, accept or reject goods received and services to ensure compliance with the terms and specifications of the contract.
- vi. Quarterly reports detailing analysis of items procured through framework agreement.
- vii. It was further noted that the County paid maintenance costs for motor vehicles belonging to Nairobi Metropolitan Services. However, the transfer deed and the agreement for maintenance of the motor vehicles has not been provided for audit review.

In the circumstances, the value for money on the funds used on repairs & maintenance of motor vehicles could not be confirmed.

7. Irregular Procurement of Fire Fighting Motor Vehicle Tyres

The County paid a supplier Kshs.7,502,000 for supply and delivery of fire fighting vehicle tyres during the year. Review of the payment voucher and the supporting documents revealed the following anomalies;

- i. The payment was not supported by a requisition form user department for approval by the Head of Procurement Unit.
- ii. The payment was not supported by requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders were not availed for audit verification.
- iii. The contract agreement in place binding the supplier with the procuring entity was not provided.
- iv. Inspections and acceptance committee was not formed to inspect, review, accept or reject goods received and services to ensure compliance with the terms and specifications of the contract.
- v. There was change of procurement method from open tender to restricted and approval for the change was not provided for audit review.
- vi. The tyres were delivered on 7 January, 2022 and the inspection and acceptance committee certificate was issued on 9 March, 2022 and indication that goods were taken on charge before inspection.
- vii. Quarterly reports detailing analysis of items procured through framework agreement.
- viii. It was further noted that the County paid maintenance costs for motor vehicles belonging to Nairobi Metropolitan Services. However, the transfer deed and the agreement for maintenance of the motor vehicles has not been provided for audit review.

In the circumstances, the value for money on the funds used on fire-fighting motor vehicle tyres could not be confirmed.

8. Irregular Procurement of Oils and Lubricants

The County paid a supplier Kshs.7,376,998 for supply and delivery of oils and lubricants during the year. The following anomalies were however noted;

- i. The payment was not supported by a requisition form user department for approval by the Head of Procurement Unit.
- ii. The payment is not supported by requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders were not availed for audit verification.

- iii. The contract agreement in place binding the supplier with the procuring entity was not provided.
- iv. Inspections and acceptance committee was not formed to inspect, review, accept or reject goods received and services to ensure compliance with the terms and specifications of the contract.
- v. There was change of procurement method from open tender to restricted while the approval for the change was not provided for audit review.
- vi. The goods were delivered on 4 May, 2022 and the inspection and acceptance committee certificate was issued on 17 May, 2022 and indication that goods were taken on charge before inspection.
- vii. Quarterly reports detailing analysis of items procured through framework agreement.
- viii. It was further noted that the County paid maintenance costs for motor vehicles belonging to Nairobi Metropolitan Services, however, the transfer deed and the agreement for maintenance of the motor vehicles has not been provided for audit review.

In addition, Management did not maintain supporting documents such as an updated fuel register and fuel statements from service providers indicating the type of vehicle fuelled, period and quantity consumed contrary to Regulation 4(d) of the Public Finance Management (County Governments) Regulations, 2015, which provides that the object and purpose of the regulations shall be to set out a standardized financial managements system for use in Government service which can produce accurate and reliable accounts free from errors, fraud and which will be useful in management decisions and statutory reporting.

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

9. Irregularities in Management of Executive Scholarships and Ward Bursaries

Note 5 to the financial statements reflects other grants and transfers expenditure of Kshs.1,343,550,963. Included in the expenditure is Kshs.690,871,605 incurred in respect to scholarships and other educational benefits. Review of documents supporting issuance of scholarship and ward bursary revealed that forty-seven (47) beneficiaries with a disbursement total of Kshs.2,504,313 came from Counties other than Nairobi County while twenty-five (25) beneficiaries with a total disbursement of Kshs.1,165,465 came from private primary schools.

In addition, analysis of data provided in support of disbursements indicated cases of issuance of both scholarships and ward bursaries to 683 beneficiaries totalling Kshs.32,030,110 as analyzed below;

Term	Number of Duplicate Beneficiaries	Executive Scholarships (Kshs.)	Ward Bursaries (Kshs.)	Total (Kshs.)
1	383	17,219,991	1,957,000	19,176,991
2	255	11,568,119	1,285,000	12,853,119
	Total			32,030,110

In the circumstances, the regularity and proper management of the scholarships and bursaries could not be confirmed.

10. Irregular Procurement of Construction Materials

Note 3 to the financial statements reflects use of goods and services amount of Kshs.7,672,936,323, included in the amount is other operating expenses of Kshs.1,752,556,404. The County paid a contractor an amount of Kshs.14,750,000 for supply and delivery of quarry chips/hardcore during the financial year. Review of contract documents revealed that the County used a contract between the Ministry of Transport, Infrastructure, Housing and the contractor to procure the materials. However, there is no evidence that the County obtained the whole list of relevant categories from the state organ and subjected it to the provisions of the Public Procurement and Asset Disposal Act, 2015.

Further, no evidence was provided for audit to show how the contract was adopted for use by the County contrary to Section 52(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that the Authority shall have powers to transfer the procuring responsibility of a procuring entity to another procuring entity or procuring agent in the event of delay or in such other circumstances as may be prescribed.

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

11. Procurement of Vehicles and Other Transport Equipment

Note 7 to the financial statements reflects an amount of Kshs.100,000,000 incurred in respect to purchase of vehicles and other transport equipment. The amount differs with amounts paid to various motor vehicle dealers during the year of Kshs.771,589,099. The resulting variance of Kshs.671,589,099 has not been explained.

Further, the procurement documents and supporting payment vouchers together with the log books for motor vehicles have not been provided for audit confirmation.

In the circumstances, the accuracy and value for money in the procurement of vehicles and other transport equipment could not be confirmed.

12. Anomalies on Compensation of Employees

12.1 Non-Compliance with Fiscal Responsibility Principles

Note 2 to the financial statements for the year under review reflect compensation of employee's expenditure of Kshs.11,185,475,652. The amount represents approximately

37% of the total revenue of Kshs.30,485,249,863 being 2% over and above the maximum allowed ceiling contrary to Regulation 25 (1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the expenditure set should not exceed thirty-five (35) percent of the county government's total revenue.

12.2 Employees Sharing Bank Accounts

Review of the payroll for the period revealed that three (3) employees shared one bank account as tabulated below:

Payroll Number	ID Number	Tax-PIN	Bank	Branch	Bank Account	Gross Pay	Net
19920005867	10331772	A001139010X	23	2	20100014156	56,807	246,753
19990015373	20044896	A002816428A	68	2	20100014156	66,169	113,031
20070004134	11257493	A001869100V	68	1	20100014156	46,967	847,593

12.3 Officers Employed on Permanent and Pensionable Terms While Over the Age of 50 Years

Review of the payroll entry dates for employees shows that two (2) officers were employed on permanent and pensionable terms while their age was over and above fifty years (50) as shown below;

Payroll Number	Net Pay	Birth-Date	Age Hired	Date-Hired	Engagement Type
20140029652	7,218.55	5/18/1964	50	6/1/2014	3
20150093164	4,050.15	9/3/1963	52	12/1/2015	3

12.4 Officers Active in the Payroll with no Pay

Further, analysis of the payroll shows that there are four (4) officers active in the payroll without salaries as tabulated below;

Payroll Number	ID Number	Job Group	Scale Point	Incremental Month	Engagement Type
2007030519	22521575	K	2	1	3
19990004987	13153950	H	8	7	3
19990021666	22026954	G	5	7	3
20170066850	28394171	J	1	1	3

12.5 Officers Paid Leave Allowance Twice

Review of the payroll revealed one hundred and seventy-eight (178) officers were paid leave allowances twice during the same financial year. The total amount paid was Kshs.15,423,116.

12.6 Irregular Payment of Allowances while Under Consolidated Pay

Analysis of payroll earnings shows that twenty-six officers on monthly gross pay were also paid other allowances totalling Kshs.17,584,187. The allowances included basic pay, rental, house supplementation, service gratuity among others.

12.7 Payment of Special Pay and Basic Salary

Thirty-four (34) officers on special salary were also paid basic salary.

12.8 Noncompliance with Statutory Deductions

Analysis of payroll revealed a total of 393 officers whose PAYE was not recovered from their salaries as required under the Income Tax Act. The employees were not defined under the category of People with Disabilities. The officers earned a total of Kshs.52,580,701 from which no taxes were recovered.

12.9 Unclear Payment of Salary Arrears on Monthly Basis

Analysis of the payroll shows that 395 officers were paid salary arrears for a duration between 7 and 12 months during the year under review. Further, sixty-four (64) officers were paid arrears ranging between Kshs.300,000 and Kshs.6,779,220 all totalling Kshs.82,340,479 during the financial year. The nature of the allowances totalling Kshs.100,104,975 could not be determined.

12.10 Irregular Payment of Overtime Allowance

Review of the payroll revealed that a total of thirty-four (34) employees whose job group were above J received a total of Kshs.2,728,003 in form of overtime allowances contrary to Section C.19 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

12.11 Officers Earning Less Than a Third of Basic Pay

Analysis of the payroll data provided for audit revealed that 252 employees were earning net salaries that were less than a third (1/3) of their basic pay contrary to the provisions of Part C.1 (3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which provides that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries.

12.12 Non-Compliance with the Persons with Disabilities Act, 2003

Review of the payroll records revealed that only 167 employees out of 13354 were categorized as persons with disabilities. They constitute 1.25% of the total employees which was below the recommended level of 5% under Section 13 of the Persons with Disabilities Act, 2013 which provides that the Council shall endeavor to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

12.13 Noncompliance with National Cohesion and Integration Act, 2008 on Ethnic Diversity

Review of documents revealed that the County had 13,354 members of staff out of which 5,368 representing 40% of the total staff were from one ethnic group contrary to Section 7(1) of National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff.

12.14 Recruitment of Staff by Nairobi Metropolitan Services (NMS)

After execution of Deed of Transfer on 25th February, 2020, Nairobi City County Government seconded 6,604 staff to Nairobi Metropolitan services for a period of two years. At the end of the Deed of Transfer tenure, Nairobi Metropolitan Services handed back 7,526 staff to Nairobi City County. Out of the 7,526 staff, 1,700 were not part of the staff seconded to NMS in the year 2020, which implies that they were recruited by NMS contrary to the Section 5.6 and 5.7 of the Gazette Notice No. 1609 dated 25 February, 2020 on deed of transfer.

12.15 Non-Remittance of Statutory Dues

Analysis of the payroll data availed for audit revealed that the County deducted staff Pay As You Earn (PAYE), National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF) statutory dues totalling Kshs.1,715,817,035. However, no evidence was provided for audit confirmation to show that the deductions were remitted to relevant authorities as required. Failure to remit statutory deductions on time contravenes The Income Tax Act, National Hospital Insurance Fund Act and National Social Security Fund Act which may result in fines and penalties.

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

13. Failure to Maintain Imprest Register and Imprest Warrants

Review of imprest surrenders provided for audit verification totalling Kshs.55,062,866 indicated that Management did not maintain an imprest register and make use of imprest warrants. Management contravened Regulation 93(4) of the Public Finance Management (County Governments) Regulations, 2015 which requires that before issuing imprests, applicants must not have any outstanding imprest, should be recorded in an imprest register and confirmation of availability of funds and Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that imprests shall be used for a specific purpose as stated on the imprest warrant.

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

14. Irregular Procurement of Yellow Fever Vaccines

Review of documents revealed that the County paid a supplier a total of Kshs.11,445,000 for supply and delivery of yellow fever vaccines on 22 March, 2023. The County received

a total of 7,630 vaccines in respect to the procurement. However, the following observations were made;

- i. The vaccines were procured through restricted tendering without justification for the use of restricted tendering in line with the requirements under Section 102 of the Public Procurement and Asset Disposal Act, 2015.
- ii. The tender opening and evaluation committee members were appointed on 3 August, 2018 to perform both the functions of the tender opening and evaluation committee contrary to the requirements of Section 78 of the Public Procurement and Asset Disposal Act, 2015.
- iii. The tender was opened on 6 August, 2018 by four (4) members of the tender opening committee who signed the tender opening register. However, the tender opening minutes attached in support of the payment were signed by the chairperson only as opposed to all members and were not initialized on each page as required in Section 78 of the Public Procurement and Asset Disposal Act, 2015.
- iv. The vaccines were requisitioned by the in-charge Inoculation Centre on 18 July, 2018 through a requisition which shows that the quantity required by the user department was 1200 (10 dose vial) at an indicative price of Kshs.10,450 resulting to a total planned expenditure of Kshs.12,540,000. However, the awarded price of Kshs.18,000,000 significantly differs with the market price quoted on the requisition by 44% (Kshs.5,460,000) which may be an indicator that Management did not conduct due diligence to ensure value for money on the procurement of vaccines thus possible loss of public funds contrary to the requirements of Section 54 (2) of the Public Procurement and Asset Disposal Act, 2015.
- v. Members of inspection and acceptance team were appointed on 1 November, 2018 three (3) months after the vaccines had been received in the stores contrary to Section 44 (2) (d) of the Public Procurement and Asset Disposal Act, 2015.
- vi. The contracted supplier delivered vaccines partially by 10 January, 2019 and issued a credit note and an invoice dated 8 April, 2020 and 14 April, 2020. No explanation was provided for failure deliver in full as contracted or action taken by Management for non-performance by the supplier. No approval has been attached for the credit note number 009 dated 8 April, 2020 approximately two (2) years after the award contrary to Section 150 of the Public Procurement and Asset Disposal Act, 2015.
- vii. Inspection and acceptance report show that the committee conducted its function on 24 April, 2020 being twenty (20) months after delivery of the vaccine's contrary to Section 48 of the Public Procurement and Asset Disposal Act, 2015.
- viii. Physical inspection of the stores carried out on 4 October, 2023 revealed that the vaccines were received at various dated and dispatched for use before the

products were inspected and accepted thus posing a risk of using medicines that have not been verified hence exposing the citizens to unwarranted dangers.

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

15. Irregular Use of Restricted Tendering for Proposed Construction at Mama Lucy Kibaki Hospital – Phase II

Review of records revealed that a contractor was awarded a contract for the proposed construction and completion works including associated mechanical, electrical and sewer works at Mama Lucy Kibaki Hospital – Phase II in 2021 at a contract sum of Kshs.344,100,000 through restricted tendering. The Accounting Officer approved use of restricted tendering on 12 March, 2021 which contained ten (10) firms proposed for invitation to bid using Section 102 (1) (a) and (b) of the Public Procurement and Asset Disposal Act, 2015 to justify the use of restricted tendering. However, Management did not demonstrate how the construction works were of specialized nature or the time and cost required to evaluate would be disproportionate to the contract price. By the time of audit in November, 2023, the contractor had been paid a total of Kshs.165,099,105. Physical verification in November, 2023 revealed that the works have not been completed and the contractor was not on site.

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

16. Irregular Procurement of Bitumen

The County paid a supplier Kshs.33,000,000 and Kshs.14,730,000 respectively for supply and delivery of 1,000 drums of 200kg of bitumen. The units were supplied at a cost of Kshs.33,000 and Kshs.32,000 respectively all totalling to Kshs.47,730,000. The contracts were executed through frame work agreement which was signed on 22 June, 2023.

The following anomalies were noted;

- i. Although the supplies were made during the same duration, the process varied by Kshs.1,000 per drum resulting to a possible loss of Kshs.1,000,000.
- ii. Field verification done on 5 October 2023 revealed that the store keepers did not maintain a stores received statement which is the official document for taking on charge supplies in the County.
- iii. Goods were inspected more than ten (10) days after they were delivered. The inspection and acceptance committee was appointed seven (7) days after the deliveries were made.
- iv. The procurement method did not meet the conditions for the frame work agreement because there was no proof of competition as provided by Regulation 101(3) and 103(1) and (2) of the Public Procurement and Asset Disposal Regulations, 2020. It was therefore not clear how the company was selected from

- the two hundred and sixty-seven (267) bidders who were evaluated and recommended for consideration as per the professional opinion.
- v. Tender documents, tender opening minutes and attendance register, tender evaluation minutes and award were not provided for audit.
 - vi. Evaluation of the tender according to the professional opinion had nine (8) members instead of a maximum of five (5) as per Section 46 (4) (b) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, management was in breach of the law.

17. Irregular Procurement of Fresh Milk

The contract for supply and delivery of fresh milk was procured through framework agreement for supply of 333,333 cartons of fresh Milk 200ml to the Early Childhood Center's at a unit price of Kshs.36. However, the following were noted;

- i. The professional opinion was issued on 11 November, 2022 indicating that the tender attracted 2 bidders contrary to Section 114(c) of the Public Procurement and Asset Disposal Act, 2015 which states that a minimum of seven alternative vendors are included for each category.
- ii. The contract agreement was entered into between the Company and the County on 21 June, 2022 before the professional opinion was issued and approved.
- iii. The goods were received in the stores, taken on charge and issued for use before inspection and acceptance.
- iv. The lowest bidder quoted a unit price per packet of milk at Kshs.23.50 and the County could have saved Kshs.4,089,501 had the lowest bidder been awarded the contract.
- v. Minutes of the tender opening and attendance register and distribution schedules showing where the milk was issued to were not provided for audit verification.

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

18. Anomalies in Provision of Legal Services

Review of payment vouchers totalling Kshs.375,941,154 paid during the year revealed various anomalies as follows;

18.1 HCCC NO. 1581 of 2014 Yellow Horse Inn Ltd Vs City Council of Nairobi

Review of payment voucher no. 58811 paid on 17 July, 2023 in respect to a local law firm for case no. HCCC No. 1581 of 2014 Yellow Horse Inn Ltd Vs Nairobi City County amounting to Kshs.34,115,600. However, the contract between the firm and the County was not provided for audit review. The summary of the case is that on 18 December, 2014

the legal affairs department issued a demand for rates and interest on LR No. 209/11803/2 Account no. V5040240 amounting to Kshs.5,374,751. The plaintiff went to court to contest the demand for the rates and interest. The lawyer through the defendant (Nairobi City County) was asked to defend the case and they claimed that the plaintiff (Yellow Horse Inn Ltd) was there illegally on that parcel of land and forwarded the case to the Criminal Investigation Directorate. The fee notes of Kshs.80,000,000 charged by the advocate representing the case is not clear as the subject matter is a fee note of Kshs.5,374,751.

Further, the advocate raised a fee note of Kshs.80,000,000, in 2015 but the County Attorney revised the fee note to Kshs.34,115,600. However, this was not supported with an itemized fee note, an assessment of the fee notes by a council appointed by the County Attorney, a Memo or report to the County Attorney from the appointed Council on the fee note raised, communication to the advocate of the revised fee note and acceptance of the revised fee note by the Advocate.

In addition, the County changed the case from demand notice for fees and interest to a case of illegal ownership of property. It is also unclear how the County can demand notice for fees and interest on land that they claim belongs to the County and not the plaintiff. The current status of the legal case is unclear as the lawyer was paid based on records dated 22 December, 2014 to 6 March, 2015.

18.2 ELC No. 248 of 2021

Review of payment voucher no. 56963 paid on 13 July, 2023 in respect to a law firm for case no. ELC No. 248 of 2021 a private citizen Vs Nairobi City County & Others amounting to Kshs.47,000,000 had the following observations;

- i. The procurement process of contracting the advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of suppliers, the list of approved prequalified supplier in the financial year 2021/2022.
- iii. The contract between the advocate and the County has not been provided for audit review.
- iv. The law firm was instructed vide letter ref; LA/CSG/AEO/L/72/22 dated 10 February, 2022. However, the instructions were not itemized.
- v. On 15 March, 2022, the Advocate raised a fee note of Kshs.77,871,500, on 22 March, 2022 the County Attorney revised the fee note to Kshs.47,000,000, this is however is not supported by itemized fee note, an assessment of the fee note by a council appointed by the County Attorney, a memo or report to the County Attorney from the appointed Council on the fee note raised, acceptance of the revised fee note by the advocate, a handwritten piece of paper that is not signed in the file

purports that the advocate accepted the revised fee note but a letter from the advocate was not provided for audit review.

- vi. Summary of the case is that on 5 July, 2021 the plaintiff took the County of Nairobi as the first defendant and the citizen as the second defendant. The plaintiff claims that he purchased the property plot No. B6-306 Kayole then the 1st defendant repossessed it and issued it to 2nd defendant. The fee note of Kshs.77,871,500 charged by the advocate representing. However, no evidence was provided to show how the fee note was arrived at as the subject matter is the land, the subject matter valuation report has not been provided for audit review and it is unclear how the County can issue one parcel of land to two separate individuals thus leading to a lawsuit.

The current status of the legal case has not been provided.

18.3 ELC No. 018 of 2022

Review of payment voucher no. 607 paid on 17 July, 2023 in respect to a law firm for case no. ELC No. 018 of 2022 a private citizen & Others Vs National Land Commission & Nairobi City County amounting to Kshs.57,777,554 had the following observations;

- i. The procurement process of contracting the Advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of suppliers, the list of approved prequalified supplier in the financial year 2021/2022.
- iii. The contract between the Advocate and the County has not been provided for audit review.
- iv. The ruling provided is not certified.
- v. The law firm was instructed vide letter ref; LA/CSG/AEO/L/72/22 dated 10 February, 2022, however, the instructions were not itemized. On 15 March, 2022, the advocate raised a fee note of Kshs.77,871,500, on 22 March, 2022 the County Attorney revised the fee note to Kshs 47,000,000. However- it was not supported by an itemized fee note, an assessment of the fee note by a council appointed by the County Attorney, a memo or report to the County Attorney from the appointed Council on the fee note raised, acceptance of the revised fee note by the advocate and a handwritten piece of paper that is not signed in the file purports that the advocate accepted the revised fee note but a letter from the advocate has not been provided for audit review.
- vi. Summary of the case is that sometime in 1989 the Commissioner of Lands (now National Lands Commission) for construction of Ndaka-ini dam to provide water to Nairobi City and its environs. The following was however noted;

- a) The fee notes of Kshs,57,777,554 charged by the advocate representing, however no evidence is provided to show how the fee note was arrived.
 - b) The matter on hand is compensation of Ndakaini petitioners who were displaced during construction of the dam. A letter done on 8 December, 2022 from the petitioner lawyer, he claimed that the Commissioner of Lands now National Lands Commission came up with a compensation scheme. It is therefore unclear if the Nairobi City Council now Nairobi City Council was enjoined in the agreements with the petitioners.
 - c) Further, a gazette notice 3593 of 12 August, 1988 gave notice for acquisition of land for Third Nairobi Water Project and listed the registered owners, plot no, sub location and approximate are to be acquired. The same gazette states that plans of the affected land may be inspected during office hours at the Commissioner of Lands. It is not clear how County is a respondent and paid Kshs,57,777,554 in legal fees.
 - d) The agreements have not been provided for audit review.
 - e) A letter from Ministry of Lands, Housing and Urban Development indicated that the Commissioner of Lands issued an award to the interested persons in the land which they rejected. The letter further indicates that there is a decree issued on 18 March, 2010 and the letter instructs the County to pay compensation to the affected land owners.
 - f) The decree mentioned above has not been provided.
 - g) The land appeals attach dated 1989 indicate the appellant and the respondent was Commissioner of Lands.
- vii. The current status of the legal case has not been provided.

18.4 ELC No. 176 of 2021

Review of payment voucher no. 651 paid on 17 July, 2023 in respect to a local law firm for case no. ELC No. 176 of 2021 a private citizen Vs Nairobi City County amounting to Kshs.67,048,000 had the following observations;

- i. The procurement process of contracting the advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of suppliers, the list of approved prequalified supplier in the financial year 2021/2022.
- iii. The contract between the advocate and the County has not been provided for audit review.
- iv. The law firm was instructed vide letter ref; LA/CSG/AEO/L/207/21 dated 12 November, 2021, however, the instructions were not itemized.

- v. On 12 November, 2021, the same day the advocate was issued with instruction, an interim fee note of Kshs.100,000,000, on 18 November, 2021 the County Attorney revised the fee note to Kshs.67,048,000, this is however is not supported by;
 - a) An itemized fee note.
 - b) An assessment of the fee note by a council appointed by the County Attorney.
 - c) Memo or report to the County Attorney from the appointed Council on the fee note raised.
 - d) Communication to the advocate of the revised fee note.
 - e) Acceptance of the revised fee note by the Advocate.
- vi. Summary of the case is that on 8 November, 2021 the individual filed a suit against the County for not being shortlisted for recruitment as a Traffic Marshall. The following was however noted;
 - a) The fee note of Kshs.100,000,000 charged by the advocate representing the case is calculated based on a general assumption that all the short listed applicant are conjoined in the suit as opposed to an individual.
 - b) The fee note is based on a subject matter which is the possible loss of an aggrieved individual Traffic Marshall salary therefore the basis of payment cannot be confirmed.
 - c) The detailed service provided by the lawyer upon which the fee note is based has not been provided for audit review.
- vii. The current status of the legal case has not been provided.

18.5 ELC No. 379 of 2018

Review of payment voucher no. 60119 paid on 17 July, 2023 in respect to a local law firm for case no. ELC No. 379 of 2018 a legal firm Vs Nairobi City County amounting to Kshs.50,000,000 had the following observations;

- i. The procurement process of contracting the Advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of suppliers, the list of approved prequalified supplier in the financial year 2018/2019.
- iii. The contract between the Advocate and the County has not been provided for audit review.
- iv. The local law firm was were instructed vide letter ref; LA/ADL/AEO/30/M/19 dated 5 November, 2019, however, the instructions were not itemized. Further, the lawyer

claims that they have been handling the case without formal instructions in October, 2018 and November, 2019.

- v. On 19 February, 2020, the advocate raised a fee note of Kshs.129,072,834, on 19 February, 2021 the Acting County Solicitor revised the fee note to Kshs.111,050,000, and the lawyer accepted on 22 February, 2021 a revised amount of Kshs.114,859,000 this is however is not supported by an itemized fee note, an assessment of the fee note by a council appointed by the County Attorney. Memo or report to the County Attorney from the appointed Council on the fee note raised. There is a variance between the County's revised fee note of Kshs.111,050,000 and the acceptance of the fee note by the Advocate of Kshs.114,859,000.
- vi. The current status of the legal case has not been provided.

18.6 Petition No. E047 of 2021

Review of payment voucher no. 47044 paid on 8 May, 2023 in respect to a law firm for case no. Civil Appeal No.563 of 2019 Kenya County Government Workers Vs Nairobi City County amounting to Kshs.70,000,000 had the following observations;

- i. The procurement process of contracting the Advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of suppliers, the list of approved prequalified supplier in the financial year 2018/2019.
- iii. The contract between the Advocate and the County has not been provided for audit review.
- iv. The law firm was instructed vide letter ref; LA/LIT/130/E/19 dated 21 December, 2019, however, the instructions were not itemized.
- v. On 19 December 2019, the advocate raised a fee note of Kshs.145,000,000, on 25 January, 2022 the Acting County Solicitor revised the fee note to Kshs.70,000,000, and the lawyer accepted on 25 January, 2022 a revised amount of Kshs.70,000,000. However, this was not supported by an itemized fee note, an assessment of the fee note by a council appointed by the County Attorney and a memo or report to the County Attorney from the appointed Council on the fee note raised.
- vi. Summary of the case is that on 27 May, 2019 an appeal was made by Kenya County Government workers Union against the County. The same lawyer had represented the County in the suit and won, however, the Petitioner appealed the case. The same lawyer who represented the County in the suit was instructed to represent the County in the appeal. The fee note of Kshs.145,000,000 was not based on a subject matter, rather on an opinion that since the advocate won the suit, the County should

consider his service at the fee note. The detailed service provided by the lawyer upon which the fee note is based was not provided for audit review.

- vii. The current status of the legal case has not been provided.

18.7 Civil Appeal No.563 of 2019

Review of payment voucher no. 30237 paid on 17 July, 2023 in respect to a local law firm for Petition No. E047 of 2021 a private citizen Vs Council of Governors & 52 Others amounting to Kshs.30,000,000 had the following observations;

- i. The procurement process of contracting the Advocate has not been provided for audit review.
- ii. Although Management explained they get their lawyer service from the prequalified list of supplier, the list of approved prequalified supplier in the financial year 2021/2022.
- iii. The contract between the Advocate and the County has not been provided for audit review.
- iv. The law firm was instructed vide letter ref; LA/DLA/CI/059/E/2021 dated 20 April, 2021, however, the instructions were not itemized.
- v. On 21 October, 2021, the advocate raised a fee note of Kshs.116,100,000 on 11 February, 2022 the Acting County Solicitor revised the fee note to Kshs.63,850,000. However, this was not supported by an itemized fee note, an assessment of the fee note by a council appointed by the County Attorney and a memo or report to the County Attorney from the appointed Council on the fee note raised.
- vi. Summary of the case is that a case was filed by petitioner in the matter of public interest litigation, alleged threats, and securing some of Kshs.120 billion of County Government Workers' Pension funds and implementation of the County Government Retirement Scheme. The fee note of Kshs.116,100,000 charged by the advocate, however, it is unclear on what it was arrived at. The detailed service provided by the lawyer upon which the fee note is based has not been provided for audit review.
- vii. The current status of the legal case has not been provided.

18.8 HC MISC Application No.123 of 2017

Review of payment voucher no. 47008 paid on 17 March, 2023 in respect of a law firm for HC MISC No.123 of 2017 reveals that the law firm was paid Kshs.20,000,000 as part of decretal fees. However, the certified decree and the current status of the legal case have not been provided for audit review.

This is contrary to Revised Edition (2012) of the Civil Procedure Act Chapter 21 Section 1B which states that the Duty of Court (1) For the purpose of furthering the overriding objective specified in Section 1A, the Court shall handle all matters presented before it for the purpose of attaining the just determination of the proceedings; the efficient disposal of the business of the Court; the efficient use of the available judicial and administrative

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

19. Irregular Procurement and Management of Security Services

The County Government entered into a contract with a service provider for provision of security services to ECDE and other County public centers during 2018/2019 financial year. Review of procurement documents revealed that there were no letters appointing the tender opening and evaluation committee. Tender opening minutes, tender opening attendance register and tender evaluation committee minutes were also not provided for audit. Further, the service provider was paid Kshs.16,800,000 on 13 March, 2023 for services rendered in the months of July and August, 2020. Another payment voucher dated 30 June, 2021 of Kshs.42,000,000 paid to the same service provider indicating that the earlier payment related to services rendered for the months of April, May, June, July and August, 2020. The two payments include the months of July and August, 2020 an indication that the service provider was paid twice for the same services resulting to loss of public funds totalling to Kshs.16,800,000

In the circumstances, the value for money on the security expenditure incurred could not be confirmed.

20. Irregularities in procurement for Consultancy Services

The County Management entered into a contract with a service provider for consultancy services to develop a five-year strategic plan 2022-2026 and service charter for the Nairobi City Public Service Board on 6 April, 2022 at a cost of Kshs.20,000,000 for a period of two (2) months. However, no evidence was provided to confirm the scope of services contracted and rendered. Further, the same officers who opened the tenders also performed the functions of tender evaluation contrary to Section 46(1) of the Public Procurement and Asset Disposal Act, 2015. The Management did not provide any expression of interest on the above consultancy.

In addition, no letters of notification to unsuccessful bidders were provided for audit confirmation contrary to Section 87(3) of the Public Procurement and Asset Disposal Act, 2015.

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

21. Irregularities in Procurement of Garbage Collection Services

Review of records revealed that the County made payment for garbage collection totalling Kshs.145,872,655 without supporting documents including; requisitions, advertisements for the services, tender opening details, tender evaluation details and awards thus casting

doubt as to whether the procurements were done in a manner consistency with Regulation 114. (1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that all purchases of goods, works and services from Goods, works and suppliers, including capital investments, shall comply with the services to be procured according to provisions prescribed in the Public Procurement and Asset Disposal Act, 2015, and the Regulations made thereunder and shall have the prior procurement plan and approval of the Accounting Officer.

In addition, although the County has a weighbridge in Dandora dumpsite which is capable of printing weighbridge tickets, Management resorted to using handwritten tickets for payments.

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

22. Management of Motor Vehicles

22.1 Ratio of Vehicles Operated Against the Number of Drivers

Records from Management indicate that the County has 473 operational County vehicles and 176 operational vehicles handed over from Nairobi Metropolitan Services, totalling 649 vehicles. Review of the County's payroll as at 30 June, 2023 reveals that Management had a total of 325 drivers. Management further indicated that some vehicles and equipment are operated by more than one driver, such as ambulance, fire engines and some heavy equipment. This is an indication that 324 County vehicles are not in operation even though listed as in service.

Further, review of the bank statement and records provided by Management indicate that Management purchased additional twenty-seven (27) tippers and one electric motorcycle during the financial year at a cost of Kshs.771,589,099. However, the advertisements, user requisition, tender opening, tender evaluation, professional opinion, contract award, notification of tender, acceptance of award, and signed contract agreement were not provided for audit.

In addition, the distribution lists for the new vehicles and motorcycle and the ownership documents of the twenty-seven (27) new vehicles and one motorcycle were not provided for audit review.

22.2 Grounded Motor Vehicles

Documents provided by Management reveal that the County has a total fleet of 1030 vehicles out of which 240 vehicles are grounded with 215 vehicles being grounded at central garage and 25 at Highways depot. Physical verification carried out on 19 October, 2023 at Nairobi City County garage and Highways depot revealed the following;

- i. The updated list of current grounded vehicles was not provided hence the numbers could not be ascertained.

- ii. There was poor maintenance and storage of the assets and this has led to deterioration of assets. It was also observed that the vehicles were vandalized and parts have been removed, however, the records for the parts removed and where they have been taken has not been provided for audit review.
- iii. One water bowser was vandalized and documentation supporting the removing of the parts and where they were to be taken have not been provided for audit review.
- iv. Records provides by Management indicate that seventeen (17) motor vehicles were involved in accidents. However, the details of the dates of the accidents, evidence of the action taken to recover from insurance companies and correspondences between the County and insurance companies were not provided for audit review.

22.3 Motor Vehicles held in Private Garages

Field verification on motor vehicles held at external garages carried out on 19 October, 2023, revealed the following;

- i. Job cards, Local service orders with details on which repairs were to be done on the vehicle, Inspections reports, contracts between the County and the Suppliers has not been provided for audit review.
- ii. Staff at the visited external garages indicated that they are holding the County vehicles due to non-payment, however, the processed payment vouchers, the invoices, details of work done have not been provided for audit review.
- iii. There was poor maintenance and storage of the assets and this has led to deterioration of assets and motor vehicle appear vandalized and parts removed from the vehicle, however, the records for the parts removed and where they have been taken has not been provided for audit review.

In the circumstances, the value for money on the expenditure incurred in the procurement and maintenance of the fleet of motor vehicles could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my

report, based on the audit procedures performed, I confirm that, internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Ownership Documents for Dandora Dumpsite

Documents provided by Management revealed that the Dandora dumpsite is approximately fifty (50) hectares. However, Management has ownership documents for land measuring fifteen (15.02) hectares while thirty-four (34.98) hectares have no ownership documents.

In the circumstances, failure to secure the County's assets may expose them to loss or misappropriation besides limiting the ability of the County to offer service to the public.

2. Poor Waste Management System

Review of tender documents and contracts attached in support of garbage collection and disposal payments revealed that bidders were required to provide information on equipment that will be used to collect garbage for approval. However, the County paid contractors whose equipment were handling capacity beyond their contracted limits.

In the circumstances, the effectiveness of the waste management systems could not be confirmed.

3. Poor Records Management at County Stores

Review of bin cards during field inspection on 5 October, 2023 indicated that goods worth Kshs 486,426,860 were purchased and delivered to the stores. However, as at the time of the inspection, the items had not been issued. Some of these supplies have been in the stores for a duration of more than six (6) months thus raising doubt on their need and if the public will receive value for money on the procurements.

Further, physical inspection carried out on 5 October, 2023 revealed that the stores for the pharmaceutical and non-pharmaceuticals were crowded and not arranged in a systematic manner. Some parts of the store had no proper lighting with broken windows.

In addition, it was noted that disinfectants were stored in poor conditions and could have expired resulting to health hazard.

In the circumstances, the effectiveness of the stores management systems could not be confirmed.

4. Poor Management of Bitumen Stores Records

Review of stores records revealed that Management received a total of 600,000 kilograms of bitumen which was issued to the Asphalt Kangundo road plant for precast concrete production. Field inspection carried out on 6 October, 2023 at the production plant showed that a total of 2,719 tons of precast concrete output was produced during the period. Based on the production and engineer's explanation that it takes between 55 to

56 kilograms of bitumen to produce one (1) ton of precast concrete, the expected output of precast concrete was 6,393 tonnes. The resultant variance of 3,674 tonnes consuming a total of 205,744 kilograms of bitumen costing Kshs.33,957,000 was not reconciled. Further, the materials used to produce the precast concrete which includes ballast and stone dust have not been quantified implying that the potential loss could be higher.

In addition, the stores records in relation to bitumen revealed variances between quantities requisitioned and quantities supplied. The poor records maintenance and non-adherence to the requested quantities makes the records unreliable and may have resulted in possible irregular activities hence loss of public funds.

It was further established that the Ashpalt Kangundo road plant compound was not fenced posing security risks.

In the circumstances, the effectiveness of the stores management systems could not be confirmed.

5. Ineffective Revenue Collection Systems

Management has not provided information on steps taken to recover receivables yet they have accumulated pending bills amounting to Kshs.98,267,457,303 including decretal sums on late settlement of obligations. Failure to recover the receivables may plunge Management into more debt and litigations which may threaten its ability to deliver services efficiently to the residents of Nairobi City County.

Further, it is observed that the laxity by Management to enforce collection of revenue has resulted in pending bills for some departments equating to over and above annual revenue.

In the circumstances, the effectiveness of the revenue collection systems could not be confirmed.

6. Incomplete Asset Register

Review of documents provided by Management revealed that the County had a total fleet of 1,030 vehicles comprising of 849 County vehicles and 181 vehicles procured under the Nairobi Metropolitan Services. However, 484 County vehicles ownership documents were not provided for audit. Information provided by Management indicate that Nairobi Metropolitan Services procured 181 vehicles. However, only 177 vehicles were handed over to the County resulting to a variance of 4 vehicles. Further, the ownership documents for the vehicles were not provided for audit. The total value of the 1030 vehicles cannot be determined as Management did not provide an asset register.

In the circumstances, the effectiveness of the management and safe custody of the fixed assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 controls 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 controls, risk management and overall governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of

my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 February, 2024

Appendix I

Item	Financial Statement Amount (Kshs.)	Trial Balance Amount (Kshs.)	Variance (Kshs.)
Basic Salaries - Permanent Employees	5,688,485,313	3,214,209,184	2,474,276,129
Basic Wages - Temporary Employees	161,007,644	259,745,711	(98,738,066.90)
Personal Allowances paid as part of Salary	4,343,403,955	1,871,132,115	2,472,271,840
Personal Allowances provided in Kind	92,798,635	135,954,240	(3,155,605)
Employer Contributions to Compulsory National Social Security Schemes	899,780,104	604,612,880	295,167,224
Utilities, Supplies and Services	403,963,357	404,094,783	(131,426)
Communication, Supplies and Services	51,235,438	23,243,967	27,991,471
Domestic Travel and Subsistence, and Other Transportation Costs	436,110,047	391,715,545	44,394,502
Foreign Travel and Subsistence, and other transportation costs	306,896,007	436,515,891	(129,751,406)
Printing, Advertising and Information Supplies and Services	68,685,067	72,957,937	(4,272,870)
Rentals of Produced Assets	41,669,625	40,600,000	(1,069,625)
Training Expenses	141,418,272	178,669,705	(37,251,433)
Hospitality Supplies and Services	139,531,289	126,654,508	12,876,781
Insurance Costs	1,777,187,604	1,860,940,097	(83,752,493)
Specialized Materials and Supp	510,570,883	531,159,585	(20,588,702)
Office and General Supplies and Services	101,447,506	44,332,143	57,115,363
Fuel Oil and Lubricants	252,307,165	230,201,113	22,106,052
Other Operating Expenses	1,752,556,404	2,080,282,732	(327,726,328)
Routine Maintenance - Vehicles	29,414,721	30,174,766	(760,045)
Routine Maintenance - Other Assets	12,950,059	100,000	12,850,059
Other Creditors	1,464,849,686	1,624,552,258	(259,702,572)
Current Grants to Government Agencies	5,474,876,838	71,671,000	5,403,205,838

Item	Financial Statement Amount (Kshs.)	Trial Balance Amount (Kshs.)	Variance (Kshs.)
and other Levels of Government			
Scholarships and other Educational Benefits	690,871,605	1,025,000,000	(34,128,395)
Other Current Transfers, Grants and Subsidies	130,251,793	-	130,251,793
Government Pension and Retirement Benefits	18,287,282	18,775,464	(488,182)
Civil Contingency Reserves	522,427,565	544,428,549	(22,000,984)
Other creditors	523,731,168	0	523,731,168
Construction of Building	31,419,104	-	31,419,104
Refurbishment of Buildings	165,841,435	187,892,824	(22,051,389)
Construction of Roads	814,603,066	910,973,940	(96,370,874)
Construction and Civil Works	1,327,216,310	1,580,078,537	(252,862,227)
Overhaul and Refurbishment of Construction and Civil Works	13,948,932	4,708,930	9,240,002
Purchase of Vehicles and Other Transport Equipment	100,000,000	105,539,800	(5,539,800)
Purchase of Office Furniture and General Equipment	147,781,155	41,666,858	106,114,297
Purchase of Specialised Plant, Equipment and Machinery	928,255,284	1,030,119,979	(101,864,695)
Rehabilitation and renovation of plant, machinery and equipment	15,095,172	-	15,095,172
Purchase of Certified Seeds, Breeding Stock and Live Animals	3,439,655.00	3,500,000	(60,345)
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	182,143,194.00	146,375,362	35,767,832.00
Purchase of Specialized Plant		40,579,377	(40,579,377)
Recurrent Bank Accounts		3,437,700	(3,437,700)
Cash in Hand	-	87,482,955,973	(87,482,955,973)

Item	Financial Statement Amount (Kshs.)	Trial Balance Amount (Kshs.)	Variance (Kshs.)
Debtors & Advances - Employees	22,871,865	33,518	22,838,347
Other Debtors & Pre-payments		3,770,142,480	(3,770,142,480)
Imprests	22,871,865	556,660,331	(533,788,466)
Other Liabilities	26,270,995,418	19,383,570,790	6,887,424,628
Salary Deductions	222,411,928	20,218,036,738	(19,995,624,809.95)
Other General Liabilities	72,878,965,573	-	72,878,965,573
Opening balance reserves	216,555,617	111,423,939,811	(111,207,384,194.45)

Appendix II

Description	Financial Statements Amount (Kshs.)	Ledger Amount (Kshs.)	Variance (Kshs.)
Basic salaries permanent	5,688,485,313	3,503,262,858	2,185,222,455
Basic wages temporary	161,007,644	347,803,045	(186,795,401)
Personal allowances paid as part of salary	4,343,403,955	604,612,880	3,738,791,075
Personal allowances paid in Kind	92,798,635	23,954,943	68,843,692
Employer contribution to SS Schemes	899,780,104	604,612,880	295,167,224
Personal allowances provided in Kind	0	135,954,240	(135,954,240)
Hospitality supplies and services	139,531,289	141,250,691	(1,719,402)
Insurance costs	1,777,187,604	1,936,693,604	(159,506,000)
Specialised materials and services	510,570,883	531,839,284	(21,268,401)
Office and general expenses	101,447,506	53,380,755	48,066,752
Other operating expenses	1,752,556,404	2,178,554,986	(425,998,582)
Routine maintenance – vehicles and other transport equipment	29,414,721	34,699,192	(5,284,471)
Routine maintenance - other assets	12,950,059	7,558,941	5,391,118
Other creditors	1,464,849,686	1,624,552,257	(159,702,571)
Research, studies, project preparation, design & supervision	182,143,194	145,459,362	36,683,832
Scholarships and other educational benefits	690,871,605	1,025,000,000	(334,128,395)
Emergency relief and refugee assistance – civil contingency reserves	522,427,565	544,428,549	(22,000,984)
Government pension and retirement benefits	18,287,282	58,149,236	(39,861,953)
Refurbishment of buildings	165,841,435	200,053,452	(34,212,017)
Construction of roads	814,603,066	910,973,940	(96,370,874)
Construction and civil works	1,327,216,310	1,576,378,536	(249,162,226)
Overhaul and refurbishment of construction and civil works	13,948,932	4,708,930	9,240,002
Purchase of vehicles and other transport equipment	100,000,000	105,539,800	(5,539,800)

Description	Financial Statements Amount (Kshs.)	Ledger Amount (Kshs.)	Variance (Kshs.)
Purchase of office furniture and general equipment	147,781,155	49,891,502	97,889,653
Purchase of specialised plant, equipment and machinery	928,255,284	531,839,284	396,416,000
Rehabilitation and renovation of plant, machinery and equipment	15,095,172	0	15,095,172
Purchase of certified seeds, breeding stock and live animals	3,439,655	3,500,000	-60,335
Total	21,903,894,458	16,884,653,147	5,019,241,311

Appendix III

Description	Ledger (Kshs.)	Misclassification (Kshs.)
Use of Goods and Services		
Utilities Supplies and Services	408,357,329	27,072,881
Communication Supplies and Services	29,770,025	490,458
Domestic Travel and Subsistence	463,925,288	31,859,543
Foreign Travel and Subsistence	510,910,162	27,550,320
Printing, Advertising and Information Services	90,934,495	0,024,907
Hospitality Supplies and Services	141,250,691	90,119,752
Specialised Materials and Services	531,839,284	4,682,019
Office and General Expenses	53,380,755	17,356,510
Other Operating Expenses	2,178,554,986	1,005,613,099
Routine Maintenance – Vehicles and Other Transport Equipment	34,699,192	2,189,687
Routine Maintenance – Other Assets	7,558,941	264,760
Research, Studies, Project Preparation, Design & Supervision	145,459,362	149,981,762
Other Grants and Transfers		
Emergency Relief and Refugee Assistance – Civil Contingency Reserves	544,428,549	99,077,664
Acquisition of Assets		
Refurbishment of Buildings	200,053,452	12,727,500
Construction of Roads	910,973,940	179,665,898
Construction and Civil Works	1,576,378,536	92,795,830
Overhaul and Refurbishment of Construction and Civil Works	4,708,930	4,708,930
Purchase of Vehicles and Other Transport Equipment	105,539,800	5,539,800
Purchase of Office Furniture and General Equipment	49,891,502	14,379,452
Purchase of Specialised Plant, Equipment and Machinery	40,579,377	9,730,377
Total	2,888,125,237	319,547,787

Appendix IV

Details	Amount (Kshs.)
Rehabilitation of Tandala Road	15,875,719
Rehabilitation of road in Kitisuru	15,778,593
Construction of Catholic Church road – Samarya SDA – Church	16,390,565
Rehabilitation of Baridi road, Matumba Lane and Hanji roads	15,265,076
Rehabilitation of Kapsoit Road and access road from Sony House off Kangundo Road	12,488,768
Rehabilitation of Phase IV Migingo - St Clare's access road	12,364,859
Rehabilitation of Loresho Crescent	12,797,918
Construction of a football pitch at Cannon Apollo primary school	12,653,338
Construction of ECD block at Kongoni primary school	11,764,143
Rehabilitation of Flamingo Avenue in Fedha estate	9,978,304
Rehabilitation of Kamande Junior Road	15,671,550
Rehabilitation of Nyaura rd upto corner market (sokoni) in Kayole North Ward	16,393,664
Grading, gravelling and improvement of Nduma chiro mwafrica PCEA others Githurai	12,941,754
Rehabilitation of Ngomongo mthenya rd to dandora bridge	16,536,351
Rehabilitation of Birongo square in nairobi west ward	12,936,915
Rehabilitation of Jamaica road phase II in viwandani Ward	13,260,000
Rehabilitation of Roads Dandora Ward	13,146,786
Construction of drain at thome lowland and grading and gravelling of roads Marurui	6,993,756
Rehabilitation of Zambarau lane in pangani ward	13,216,105
Mt Kenya Road in Ngei ward	12,883,966
Tarmacking of various roads within Embakasi ward	12,347,662
Rehabilitation and drainage improvement of Kariuki ngololo road mabatini ward	7,254,716
Construction of cheers lane off kayole road kayole north ward	8,854,881
Construction of Kilungu road within Kilimani ward	9,456,317
Rehabilitation of Safari Brooks road in Tome and Drainage works improvement in roysambu ward	9,354,817
Repainting of 18 no. Kariokor flats in Kariokor ward	13,523,263
Grading, Gravelling and drainage improvement of roads in Zimmermar ward	2,921,010
Construction of road work of Njathaini Upper road in Zimmerman ward	7,271,673
Construction of ECDE Centre at Madaraka Primary within Nairobi West ward	3,381,077
Construction of ECDE Centre within lucky summer ward	5,912,652
Irregular implementation of Installation of Artificial Turf and Changing rooms and perimeter wall at Uhuru sports complex project at Kariobangi south ward	30,567,278
Proposed construction of four number stadia	64,996,981

Report of the Auditor-General on County Executive of Nairobi City for the year ended 30 June, 2023

Details	Amount (Kshs.)
Provision of an events manager to implement Nairobi City Festival	26,980,857
Rehabilitation of Busia road and Kampala Road	24,913,279
Rehabilitation of Lot 7 Roads in industrial area Nairobi – Migwani road Isiolo Road, Bandari Road, Wajir Road, Chogoria Road & Jirore Road	32,789,134
Rehabilitation of Lot 3 Roads in industrial area Nairobi – Gilgil road Bamburi Road, & Changamwe Road	24,885,396
Construction of market shades in Muthurwa Market	12,224,478
Total	500,973,001

Appendix V

Health, Wellness & Nutrition Stalled Projects					Services
S/No.	Project Name	Contract No.	Contract Sum (Kshs.)	Field Status	Inspection
1	Completion of the stalled new medical block at Upendo Dispensary	NCC/PH/RT/788/2014-15	17,214,388	Project not labelled and stalled	
2	Completion of the stalled block at Tasia kwa Ndege Hospital	NCC/URH&B S/T/662/2016-2017	15,878,739	Project stalled and land had been encroached and a private multi-storey building was being constructed within the hospital land. Perimeter wall around the hospital was constructed from private.	
3	Completion of the stalled new medical block at Karen health centre	NCC/PH/RT/304/2014-15	16,749,400	The project is incomplete and weeds are growing on the unfinished Surface.	
4	Completion of the stalled new medical block at Kamulu health centre	NCC/Health/RT/295/2015-2016	14,946,768	Project is stalled	
5	Completion of the stalled new medical block at Dandora II health centre	NCC/CE/RT/029/2014-15	18,374,939	The project is incomplete	
6	Construction of perimeter wall at Eastleigh Dispensary/Clinic		-	The wall was incomplete and a section of the wall with iron sheets collapsed. Also, the wall had cracks.	
7	Completion of the construction of a maternity block at	n/a	-	No existence of construction.	

Health, Wellness & Nutrition Services					
Stalled Projects					
S/No.	Project Name	Contract No.	Contract Sum (Kshs.)	Field Status	Inspection
	Plainsview dispensary.				
8	Construction of medical block for OPD, HDO and ICU at Mbagathi Hospital	NMS/RT/017/2020-2021	147,339,244	The construction has stalled and materials on site are dilapidating	
9	Construction of modern block at Mutuini Hospital – Phase 1	NMS/RT/018/2020-2021	149,084,435	The construction has stalled and materials on site are dilapidating	
10	Construction of Medical block at Kamiti Health Centre	NMS/RT/021/2020-2021	34,774,033	Not able to access the construction.	
121	Construction and Equipping of Pumwani Majengo Health Centre	W.P ITEM NO. D108/NB/NB/2001/JOB NO10789A	869,400,000	Three projects barely started and the building is dilapidated	
	Construction and Equipping of Lucky Summer Dispensary	W.P ITEM NO. D108/NB/NB/2001/JOB NO10797A		No evidence of ownership, the building was not labelled and the perimeter was not done	
	Construction and Equipping of Gumba/Mabatini Dispensary	W.P ITEM NO. D108/NB/NB/2001/JOB NO10792A		The construction has stalled and the premises has been invaded by the locals.	
12	General renovation at Pumwani Maternity Hospital including cold rooms		81,728,645	A fire destroyed ward 7 and works done by Facility improvement Fund	
		Total	1,365,490,591		

County Government of Nairobi City

County Executive – Nairobi City

Annual Report and Financial Statements for the year ended June 30 2023

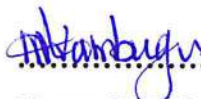
9. Statement of Receipts and Payments for the year ended 30th June 2023

		2022-2023	2021-2022
	Note	Kshs	Kshs
RECEIPTS			
Transfers from the CRF	1	30,485,249,863	26,937,060,392
TOTAL RECEIPTS		30,485,249,863	26,937,060,392
PAYMENTS			
Compensation of Employees	2	11,185,475,652	4,982,191,769
Use of goods and services	3	7,672,936,323	7,642,844,133
Transfers to Other Government Units	4	5,474,876,838	13,150,249,192
Other grants and transfers	5	1,343,550,963	799,090,730
Social Security Benefits	6	18,287,282	9,844,106
Acquisition of Assets	7	3,547,600,112	1,053,902,033
Finance Costs, including Loan Interest	8	2,611,927	4,944,596
TOTAL PAYMENTS		29,245,339,097	27,643,066,558
SURPLUS/DEFICIT		1,239,910,766	(706,006,167)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 15th December 2023 and signed by:



Name: Asha Abdi
Chief Officer Finance



Name: Martha K. Wambugu
Head of County Treasury - Accounting
ICPAK Member Number 5435

County Government of Nairobi City
County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023

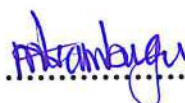
10. Statement of Assets and Liabilities as at 30th June 2023

		2022-2023	2021-2022
FINANCIAL ASSETS	Note	Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	9A	1,441,968,898	216,555,617
Cash Balances	9B	-	-
Total Cash and cash equivalents		1,441,968,898	216,555,617
Accounts receivables – Outstanding Imprests	10	22,871,865	8,374,380
TOTAL FINANCIAL ASSETS		1,464,840,763	224,929,997
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	11	-	-
NET FINANCIAL ASSETS		1,464,840,763	224,929,997
REPRESENTED BY			
Fund balance b/fwd.	12	224,929,997	930,936,164
Prior year adjustments			
Surplus/Deficit for the year		1,239,910,766	(706,006,167)
NET FINANCIAL POSITION		1,464,840,763	224,929,997

The accounting policies and explanatory Notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on **15th December 2023** and signed by:



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County Government of Nairobi City
County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023

11. Statement of Cash Flows for the period ended 30th June 2023

		2022-2023	2021-2022
	Not e	Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the CRF	1	30,485,249,863	26,937,060,392
Payments for operating expenses			
Compensation of Employees	2	(11,185,475,652)	(4,982,191,769)
Use of goods and services	3	(7,672,936,323)	(7,642,844,133)
Transfers to Other Government Units	4	(5,474,876,838)	(13,150,249,192)
Other grants and transfers	5	(1,343,550,963)	(799,090,730)
Social Security Benefits	6	(18,287,282)	(9,844,106)
Finance Costs, including Loan Interest	8	(2,611,927)	(4,944,596)
Adjusted for:			
Changes in receivables	13	(14,497,485)	24,873,048
Changes in payables		-	-
Total Adjustments		(14,497,485)	24,873,048
Net cash flows from operating activities		4,773,013,393	372,768,914
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(3,547,600,112)	(1,053,902,033)
Net cash flows from investing activities		(3,547,600,112)	(1,053,902,033)
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		1,225,413,281	(681,133,119)
Cash and cash equivalent at BEGINNING of the year	9A	216,555,617	897,688,736
Cash and cash equivalent at END of the year	9A	1,441,968,898	216,555,618

County Government of Nairobi City

County Executive – Nairobi City

Annual Report and Financial Statements for the year ended June 30 2023

The accounting policies and explanatory Notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on **15th December 2023** and signed by:



Name: Asha Abdi
Chief Officer Finance



Name: Martha K. Wambugu
Head of County Treasury - Accounting
ICPAK Member Number: 5435

12. Statement of Comparison of Budget & Actual Amounts (Recurrent and Development Combined) for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from the CRF	39,613,916,384	(104)	39,613,916,280	30,485,249,863	9,128,666,417	77%
TOTAL	39,613,916,384	(104)	39,613,916,280	30,485,249,863	9,128,666,417	77%
PAYMENTS						
Compensation to Employees	11,231,809,349	1,061,845,085	12,293,654,434	11,185,475,652	1,108,178,782	91%
Use of Goods and Services	8,636,367,187	2,517,870,641	11,154,237,828	7,672,936,323	3,481,301,505	69%
Other Transfers and Emergency Relief	1,225,000,000	250,000,000.00	1,475,000,000	1,343,550,963	131,449,037	91%
Social Security Benefits	72,506,808	(47,554,439)	24,952,369	18,287,282	6,665,087	73%
Acquisition of Assets	9,905,711,828	(2,456,161,391)	7,449,550,437	3,547,600,112	3,901,950,325	48%
Transfers to other Government Entities	8,042,521,212	(1,076,000,000)	6,966,521,212	5,474,876,838	1,491,644,374	79%
Liquor Board	250,000,000	-	250,000,000	-	250,000,000	0%
Finance Costs, including Loan Interest	-	-	-	2,611,927	(2,611,927)	
TOTAL	39,363,916,384	249,999,896	39,613,916,280	29,245,339,097	10,368,577,183	74%
Surplus/(Deficit)	-	-	-	1,239,910,766	3,733,658,463	

*County Government of Nairobi City
County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023*

The County Executive's financial statements were approved on **15th December 2023** and signed by:


.....

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Chief Officer Finance


.....

Name: Martha K. Wambugu
Head of County Treasury - Accounting
ICPAK Member Number: 5435

Annual Report and Financial Statements for the year ended June 30 2023

10A Statement of Comparison of Budget & Actual Amounts – Recurrent for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from the CRF	27,729,741,469	(73)	27,729,741,396	21,339,674,904	6,390,066,492	77%
TOTAL	27,729,741,469	(73)	27,729,741,396	21,339,674,904	6,390,066,492	77%
PAYMENTS						
Compensation to Employees	11,231,809,349	1,061,845,085	12,293,654,434	11,185,475,652	1,108,178,782	91%
Use of Goods and Services	8,636,367,187	2,517,870,641	11,154,237,828	7,672,936,323	3,481,301,505	69%
Other Transfers and Emergency Relief	1,225,000,000	250,000,000	1,475,000,000	1,343,550,963	131,449,037	91%
Social Security Benefits	72,506,808	(47,554,439)	24,952,369	18,287,282	6,665,087	73%
Acquisition of Assets	-	-	-	-	-	
Transfers to other Government Entities	6,832,521,212	-	6,832,521,212	5,454,718,382	1,377,802,830	80%
Liquor Board	200,000,000	-	200,000,000		200,000,000	0%
Finance Costs, including Loan Interest	-	-	-	2,611,927	(2,611,927)	
TOTAL	28,198,204,556	3,782,161,287	31,980,365,843	25,677,580,529	6,302,785,314	80%
Surplus/(Deficit)	(468,463,087)	(3,782,161,360)	(4,250,624,447)	(4,337,905,625)	87,281,178	

The County Executive's financial statements were approved on 15th December 2023 and signed by

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County Government of Nairobi City
County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023

10B Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=d-a	f=d/c %
RECEIPTS						
Transfers from the CRF	11,884,174,915	(31)	11,884,174,884	9,145,574,959	2,738,599,925	77%
TOTAL	11,884,174,915	(31)	11,884,174,884	9,145,574,959	2,738,599,925	77%
PAYMENTS						
Compensation to Employees	-	-	-	-	-	
Use of Goods and Services	-	-	-	-	-	
Other Transfers and Emergency Relief	-	-	-	-	-	
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	9,905,711,828	(2,456,161,391)	7,449,550,437	3,547,600,112	3,901,950,325	48%
Transfers to other Government Entities	1,210,000,000	(1,076,000,000)	134,000,000	20,158,456	113,841,544	15%
Liquor Board	50,000,000	-	50,000,000	-	50,000,000	0%
Finance Costs, including Loan Interest	-	-	-	-	-	
TOTAL	11,165,711,828	(3,532,161,391)	7,633,550,437	3,567,758,568	4,065,791,869	47%
Surplus/(Deficit)	718,463,087	3,532,161,360	4,250,624,447	5,577,816,391	(1,327,191,944)	

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County Executive – Nairobi City
Annual Report and Financial Statements
For the year ended June 30 2023

13. Budget Execution by Programmes and Sub-Programmes for the year ended 30th June 2023

PROGRAMME CODE AND TITLE	Original Budget 2022 - 2023	Adjustments	Final Budget 2022-2023	Actual on Comparable basis 2022-2023	Budget Utilization difference 2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
0701000 P1 General Administration Planning and Support Services	131,339,056	(18,442,469)	112,896,587	84,330,807	28,565,780
0701010 SP.1.1 General Administration Planning and Support Services	131,339,056	(18,442,469)	112,896,587	84,330,807	28,565,780
Total 531100000 COUNTY PUBLIC SERVICE BOARD	131,339,056	(18,442,469)	112,896,587	84,330,807	28,565,780
0718005310 General Administrative Services	2,342,862,967	368,488,505	2,711,351,472	2,031,825,206	679,526,266
0718015310 Sp1 General Administration & Support Services	558,487,666	(15,128,866)	543,358,800	379,008,975	164,349,825
0732015310: Executive Office Management Services	-	175,619,000	175,619,000	-	175,619,000
0732025310: Intergovernmental Relation services	-	25,046,272	25,046,272	-	25,046,272
5312001500 Records Management	4,000,000	(4,000,000)	-	-	-
0718075310 Sp7 County Executive	307,356,337	(10,059,202)	297,297,135	287,343,636	9,953,498.58
0718025310 Sp2 Sub County Administration	1,403,680,796	204,029,315	1,607,710,111	1,322,002,428	285,707,683
0718095310 Sp9 Audit	69,338,168	(7,018,014)	62,320,154	43,470,167	18,849,987
0724005310 Security and Safety Management	1,587,303,795	318,971,568	1,906,275,363	1,329,683,943	576,591,420

0724055310 Inspectorate	1,539,246,814	312,442,329	1,851,689,143	1,291,608,425	560,080,718
0724015310 sp 24.1 investigative Services	48,056,981	6,529,239	54,586,220	38,075,517	16,510,703
0718015310 Research and policy Development	2,340,733	(412,956)	1,927,777	1,344,682	583,095
0718015310 Research and policy Development	2,340,733	(412,956)	1,927,777	1,344,682	583,095
0718015310 Donor coordination and Stakeholders Engagement	80,000,000	(17,567,650)	62,432,350	43,548,427	18,883,923
0718015310 Donor coordination and Stakeholders Engagement	80,000,000	(17,567,650)	62,432,350	43,548,427	18,883,923
P; 0726005310: Disaster Management Coordination	488,443,380	448,924,860	937,368,240	660,839,315	276,528,925
072601510: Fire & Disaster Management	488,443,380	448,924,860	937,368,240	660,839,315	276,528,925
0725005310 P 25 management of legal affairs	298,060,917	(26,101,932)	271,958,985	189,699,506	194,269,446
0725015310 sp 25.1 legal services	298,060,917	(26,101,932)	271,958,985	189,699,506	194,269,446
Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	4,799,011,792	1,092,302,395	5,891,314,187	4,256,941,079	1,746,383,075
0207000 P1: General Administration Planning and Support Services	86,774,048	29,390,681	116,164,729	81,028,364	35,136,365
0207010 SP 1: General Administration, Planning and Support Services	86,774,048	29,390,681	116,164,729	81,028,364	35,136,365
0208000 P2: Information and Communication Services	66,759,508	(29,636,012)	37,123,496	25,894,746	11,228,750
0208010 SP 2.1: News and Information Services	39,411,418	(12,487,972)	26,923,446	18,779,907	8,143,539

County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023

0208030 SP 2.3: ICT and Media Regulatory Services	17,854,301	(11,494,610)	6,359,691	4,200,000	2,159,691
0208040 SP 2.4 E-Government Services	9,493,789	(5,653,430)	3,840,359	2,914,839	925,520
0210005310 ICT Infrastructure Development	185,385,413	133,554,843	318,940,256	225,199,210	93,741,046
0210010 SP1: ICT Infrastructure Connectivity	175,881,048	134,600,732	310,481,780	219,299,170	91,182,610
0210035310 sp 3: Information Security	9,504,365	(1,045,889)	8,458,476	5,900,039	2,558,437
Total 531300000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	338,918,969	133,309,512	472,228,481	332,122,320	140,106,161
0701005310 Public Financial Management	1,312,752,312	3,118,897,604	4,431,649,916	3,755,302,225	676,347,691
0701015310 Assets Management Services	163,142,268	365,061,184	528,203,452	368,437,668	159,765,784
0701065310 sp1.6 Accounting Services	4,437,130	113,170,845	117,607,975	82,035,072	35,572,903
0701075310 sp1.7 Budget Formulation Coordination and mgt	139,761,559	134,921,250	274,682,809	191,599,455	83,083,354
0701085310 sp1.8 Resource Mobilisation	320,955,697	22,805,199	343,760,896	239,783,482	103,977,414
070115310 Debt Management Services	454,574,567	2,579,607,588	3,034,182,155	2,780,526,766	253,655,389
0718085310 Sp8 Supply Chain Management	229,881,091	(96,668,462)	133,212,629	92,919,783	40,292,846
0718005310 General Administrative Services	497,912,311	166,260,662	664,172,973	463,280,465	200,892,508
0718015310 Sp1 General Administration & Support Services	497,912,311	166,260,662	664,172,973	463,280,465	200,892,508

0719000 P3: Economic and Financial Policy Formulation and Management	162,229,200	(10,361,145)	151,868,055	105,932,500	45,935,555
0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	162,229,200	(10,361,145)	151,868,055	105,932,500	45,935,555
Total 5314000000 FINANCE & ECONOMIC PLANNING	1,972,893,823	3,274,797,121	5,247,690,944	4,324,515,190	923,175,754
0401000 P.1 Preventive & Promotive Health Services	202,092,164	90,062,563	292,154,727	203,786,639	88,368,088
040115310 HIV/AIDS Prevention & Control Unit	1,600,057	(1,501,657)	98,400	68,637	29,763
0401125310 TB Control	1,200,042	(1,092,242)	107,800	75,194	32,606
0401135310 Malaria Control & Other Communicable Diseases	1,200,042	(1,090,742)	109,300	76,240	33,060
0401145310 Reproductive Health & Maternal Health (RMNCAH)	98,992,017	(26,072,367)	72,919,650	50,863,632	22,056,018
0401155310 Environmental / Public Health	99,100,006	119,819,571	218,919,577	152,702,937	66,216,640
0402005310 Curative care	1,711,912,468	(276,109,288)	1,435,803,180	488,116,703	947,686,477
0402065310 sp.2.6 County Referral Hospitals	862,828,955	(320,407,977)	542,420,978	476,047,354	66,373,624
0402075310 sp.2.7 Health Centres & dispensaries	849,083,513	44,298,689	893,382,202	12,069,350	881,312,852
0404005310 General administration, planning and support services	3,680,559,584	560,089,201	4,240,648,785	3,312,783,008	927,865,777
0404015310 Sp4.1 Administration/Human Resource for Health	3,595,741,213	602,586,975	4,198,328,188	3,294,511,723	903,816,465

*County Executive – Nairobi City
Annual Report and Financial Statements for the year ended June 30 2023*

0404025310 Sp4.2 Health Policy, Planning & Financing	22,600,000	(11,280,200)	11,319,800	7,895,898	3,423,902
0404045310 sp 4.4 Pumwani Nursing School	20,400,000	(16,900,000)	3,500,000	2,441,354	1,058,646
0404055310 sp 4.5 Coroner services unit	41,818,371	(14,317,574)	27,500,797	7,934,033	19,566,764
Total 5315000000 HEALTH	5,594,564,216	374,042,476	5,968,606,692	4,004,686,351	1,963,920,341
0106000 P 6 General Administration Planning and Support Services	181,996,138	53,300,980	235,297,118	179,221,933	56,075,185
0106010 SP.6.1 Administration, Planning & Support Services	181,996,138	53,300,980	235,297,118	179,221,933	56,075,185
0114005310 P.8: Urban Planning, compliance & enforcement	105,973,075	(70,716,296)	35,256,779	24,592,655	10,664,124
0114015310 sp 8.1 Urban planning	105,973,075	(70,716,296)	35,256,779	24,592,655	10,664,124
0115005310 P.9: Land management	146,878,602	(43,950,965)	102,927,637	71,795,098	31,132,539
0115015310 sp 9.1 valuation services	35,000,000	(35,000,000)	-	-	-
0115025310 sp 9.2 land survey	111,878,602	(8,950,965)	102,927,637	71,795,098	31,132,539
Total 5316000000 URBAN PLANNING AND LANDS	434,847,815	(61,366,281)	373,481,534	275,609,686	97,871,848
0207000 P1: General Administration Planning and Support Services	1,014,711,402	(349,846,942)	664,864,460	613,762,798	51,101,662
0207010 SP 1: General Administration, Planning and Support Services	1,014,711,402	(349,846,942)	664,864,460	613,762,798	51,101,662
0211005310 P5: Roads, Drainage & Bridges	1,683,566,420	(1,069,010,708)	614,555,712	613,714,415	841,297

0211015310 sp 5.1 Construction of Roads & Drainages & Maintenance	1,683,566,420	(1,069,010,708)	614,555,712	613,714,415	841,297
0212005310 P6: Road Safety Interventions	822,940,961	(417,506,735)	405,434,226	352,802,469	52,631,757
0212015310 sp 6.1 Transport Facilities & Traffic Management	822,940,961	(417,506,735)	405,434,226	352,802,469	52,631,757
0213005310 P7: Institutional Buildings & Maintenance	1,540,587,183	172,731,416	1,713,318,599	792,544,912	920,773,687
0213015310 sp 7.1 Public streetlighting Installations & Maintenances	384,000,208	177,078,900	561,079,108	511,369,419	49,709,689
0213025310 sp 7.2 Motor Vehicle, Machinery & Plant Maintenance	15,800,097	(1,773,728)	14,026,369	9,783,811	4,242,558
5317001200 Road Maintenance Levy	1,127,000,000	-	1,127,000,000	263,570,196	863,429,804
0213035310 sp 7.3 Institutional Buildings Maintenance	13,786,878	(2,573,756)	11,213,122	7,821,487	3,391,635
Total 5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	5,061,805,966	(1,663,632,969)	3,398,172,997	2,372,824,595	1,025,348,402
0508005310 General administration, planning and support services	1,909,625,209	70,881,700	1,980,506,909	1,773,463,451	207,043,458
0508025310 sp 8.2 General Administration & Support Services	1,909,625,209	70,881,700	1,980,506,909	1,773,463,451	207,043,458
0509005310 P9 Education services	526,186,004	(160,889,655)	365,296,349	270,493,648	94,802,701
0509015310 sp 9.1 Quality Assurance and Co-curriculum	339,228	(86,828)	252,400	176,057	76,343
0509025310 sp 9.2 Early Childhood Development Centres	449,841,331	(114,029,871)	335,811,460	242,238,513	93,572,947
0509035310 sp 9.3 Technical and Vocational Training	76,005,445	(46,772,956)	29,232,489	28,079,079	1,153,410

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0902005310 2.1 Social Services	637,741,088	(37,064,830)	600,676,258	210,196,041	390,480,217
0902015310 General Administration & Support Services	180,943,809	11,115,566	192,059,375	133,967,144	58,092,231
0902025310 Sp.2.2 Community Development	760,026	(363,108)	396,918	392,919	3,999
0902045310 Sp2.4 Development and promotion of sports	350,163,678	(13,027,350)	337,136,328	26,487,230	310,649,098
0902055310 Sp2.5 Youth Affairs	43,955,077	(1,046,563)	42,908,514	29,929,969	12,978,545
0902065310 Sp 2.6 Family Welfare	35,579,142	(21,266,738)	14,312,404	9,983,329	4,329,075
0902075310 Sp 2.7 Promotion of Library and Information Services	2,999,990	(2,664,220)	335,770	-	335,770
0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	23,339,366	(9,812,417)	13,526,949	9,435,451	4,091,498
Total 531800000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	3,073,552,301	(127,072,785)	2,946,479,516	2,254,153,140	692,326,376
0301000 P.1 General Administration Planning and Support Services	223,072,543	183,938,758	407,011,301	372,155,222	34,856,079
0301010 SP1 General Administration Planning and Support Services	223,072,543	183,938,758	407,011,301	372,155,222	34,856,079
0310005310 P.10 Co-operative Development and Audit Services	6,713,145	(1,831,267)	4,881,878	3,405,256	1,476,622
0310015310 sp 10.1 Cooperative Development Services	4,292,326	(1,265,757)	3,026,569	2,111,122	915,447
0310025310 sp 10.2 Cooperative Audit Services	2,420,819	(565,510)	1,855,309	1,294,133	561,176

0311005310 P.11 Tourism Promotion and Marketing	6,155,512	54,544,166	60,699,678	42,339,836	18,359,842
0311015310 sp 11.1 Tourism Development	6,155,512	54,544,166	60,699,678	42,339,836	18,359,842
0312005310 P.12 Trade development and Market Services	447,955,115	(168,505,902)	279,449,213	127,053,605	152,395,608
0312015310 sp 12.1 Trade Development	222,115,357	(112,970,766)	109,144,591	8,261,050	100,883,541
0312025310 sp 12.2 Market Services	225,839,758	(55,535,136)	170,304,622	118,792,555	51,512,067
0313005310 P.13 Licensing and Fair-Trade Practices	81,634,661	(31,236,173)	50,398,488	38,028,117	12,370,371
0313025310 sp 13.1 Weights & Measures Services	34,509,044	(1,519,212)	32,989,832	23,011,392	9,978,440
0313035310 sp 13.2 Trade Licensing Services	39,813,397	(27,970,105)	11,843,292	11,134,717	708,575
0313045310 sp 13.3 Betting & Gaming Services	7,312,220	(1,746,856)	5,565,364	3,882,007	1,683,357
Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	765,530,976	36,909,582	802,440,558	582,982,036	219,458,522
0701000 P1 General Administration Planning and Support Services	848,890,631	(311,063,952)	537,826,679	425,366,014	112,460,665
0701010 SP.1.1 General Administration Planning and Support Services	848,890,631	(311,063,952)	537,826,679	425,366,014	112,460,665
0710000 P 5: Public Service Transformation	1,510,613,095	(36,442,368)	1,474,170,727	1,028,278,066	445,892,661
0710010 S.P.5.1 Human Resource Management	1,414,653,983	(28,830,373)	1,385,823,610	966,653,316	419,170,294

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0710020 S.P.5.2 Human Resource Development	95,959,112	(7,611,995)	88,347,117	61,624,750	26,722,367
0723005310 P 23 Performance Management and Public Service Delivery	15,584,171	835,419	16,419,590	11,453,154	4,966,436
0723015310 sp 23.1 Performance Contracting management	8,296,507	2,110,307	10,406,814	7,259,063	3,147,751
0723025310 sp 23.2 Governance Monitoring and Evaluation	4,947,176	(481,710)	4,465,466	3,114,796	1,350,670
0723035310 sp 23.3 Quality Management Systems and ISO certification	2,340,488	(793,178)	1,547,310	1,079,295	468,015
Total 5320000000 PUBLIC SERVICE MANAGEMENT	2,375,087,897	(346,670,901)	2,028,416,996	1,465,097,235	563,319,761
0106000 P 6 General Administration Planning and Support Services	202,305,718	(6,494,490)	195,811,228	173,292,424	22,518,804
0106010 SP.6.1 Administration, Planning & Support Services	202,305,718	(6,494,490)	195,811,228	173,292,424	22,518,804
P;0119005310: Urban Agriculture Promotion & Regulation	135,241,038	(89,622,921)	45,618,117	4,762,437	40,855,680
019015310: Crop Development and Management	23,150,531	(11,526,625)	11,623,906	1,830,253	9,793,653
0119025310: Fisheries Development and management	23,006,605	(21,364,975)	1,641,630	1,145,086	496,544
0119035310: Livestock Resources management and development	18,053,575	(15,491,536)	2,562,039	1,787,099	774,940
5321000800 Agricultural Development Support Project	71,030,327	(41,239,785)	29,790,542	-	29,790,542
0116005310 P.10: Animal Health, Safety and Quality Assurance	27,539,330	(24,540,276)	2,999,054	2,091,930	907,124

0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	27,539,330	(24,540,276)	2,999,054	2,091,930	907,124
0117005310 P.11: Afforestation	-	55,625	55,625	38,800	16,825
0117015310 sp 11.1 Forestry Services	-	55,625	55,625	38,800	16,825
0118015310 Food Systems and Surveillance	4,444,791	(1,501,826)	2,942,965	2,052,806	890,159
0118015310 sp18:1 Food Systems and Surveillance Services	4,444,791	(1,501,826)	2,942,965	2,052,806	890,159
Total 5321000000					
AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	369,530,877	(122,103,888)	247,426,989	182,238,397	65,188,592
07220001 Legislation, Oversight and Representation	3,485,288,302	(1,076,000,000)	2,409,288,302	1,748,810,398	660,477,904
07220001 Legislation, Oversight and Representation	3,485,288,302	(1,076,000,000)	2,409,288,302	1,748,810,398	660,477,904
Total COUNTY ASSEMBLY	3,485,288,302	(1,076,000,000)	2,409,288,302	1,748,810,398	660,477,904
1001005310 P1 General Administration & Support Services	641,652,551	(156,028,516)	485,624,035	341,141,848	144,482,187
1001015310 Sp1 General Administration & Support Services	641,652,551	(156,028,516)	485,624,035	341,141,848	144,482,187
1002005310 P2 Environment Management and Protection.	3,061,777,449	(712,585,573)	2,349,191,876	2,309,036,302	40,155,574
1002035310 sp 2.3 Solid waste management	2,915,827,449	(643,530,173)	2,272,297,276	2,255,129,207	17,168,069
1002045310 sp 2.4 Beautification, Recreation and Greening Services	110,950,000	(72,502,700)	38,447,300	27,088,956	11,358,344

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100205310 sp 2.5 Environment planning Management Services	35,000,000	3,447,300	38,447,300	26,818,139	11,629,161
1004005310 P4 Water Resources Management	202,264,505	(141,834,773)	60,429,732	39,476,129	20,953,603
100405310 sp 4.5 Energy & Natural resources	191,640,956	(135,046,776)	56,594,180	39,476,129	17,118,051
0117015310 sp 11.1 Forestry Services	10,623,549	(6,787,997)	3,835,552	-	3,835,552
Total 5323000000					
ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	3,905,694,505	(1,010,448,862)	2,895,245,643	2,689,654,280	205,591,363
0102000 P.2 Housing Development and Human Settlement	238,698,128	(19,605,458)	219,092,670	197,285,499	21,807,171
0102045310 SP4 Urban Renewal	238,698,128	(19,605,458)	219,092,670	197,285,499	21,807,171
0113005310 P.7: Building Services	15,233,423	(7,099,937)	8,133,486	5,673,349	2,460,137
0113015310 sp 7.1 Building services research and information	15,233,423	(7,099,937)	8,133,486	5,673,349	2,460,137
Total 5324000000 URBAN RENEWAL AND HOUSING	253,931,551	(26,705,395)	227,226,156	202,958,848	24,267,308
0214005310 P8: Ward Development	1,565,278,256	220,489,531	1,785,767,787	742,348,295	1,043,419,492
0214015310 sp 8.1 Ward Development & Administration	1,565,278,256	220,489,531	1,785,767,787	742,348,295	1,043,419,492
Total 5325000000 WARD DEVELOPMENT FUND	1,565,278,256	220,489,531	1,785,767,787	742,348,295	1,043,419,492
0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	-	250,000,000	-	250,000,000
0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	-	250,000,000	-	250,000,000

Total 5327000000 LIQUOR LICENSING BOARD	250,000,000	-	250,000,000	-	250,000,000
5328000100 Nairobi Metropolitan Services	5,236,639,977	(679,407,067)	4,557,232,910	3,726,066,440	831,166,470
5328000000 NAIROBI METROPOLITAN SERVICES	5,236,639,977	(679,407,067)	4,557,232,910	3,726,066,440	831,166,470
			-		-
Total Voted Expenditure Kshs.	39,613,916,279	-	39,613,916,279	29,245,339,097	10,480,587,149

14. Significant Accounting Policies

The key accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Executive all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

b) Reporting entity

The financial statements are for the Nairobi County Executive. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

c) Recognition of receipts and payments

i) Recognition of receipts

The County Executive recognises all receipts from the various sources when the event occurs, and the related cash has been received by the Executive.

ii) Transfers from the County Revenue Fund (CRF)

Transfer from CRF is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and a notification received by the entity.

iii) Proceeds from sale of assets

Proceeds from the sale of assets are recognised in the statement of receipts and payments when the related monies from the sale are received by the entity.

Significant Accounting Policies (Continued)

d) Recognition of payments

The County Executive recognises all expenses when the event occurs, and the related cash has been paid out.

i) Compensation of employees

Salaries and Wages, Allowances, and statutory contributions for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is

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recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (Continued)

e) In-kind contributions

In-kind contributions are donations that are made to the County Executive in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Executive includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

f) Third Party Payments

This relates to payments done directly to supplier on behalf of the county Executive such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county Executive is detailed in the notes to these financial statements.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. There were Number other restrictions on cash during the year.

Significant Accounting Policies (Continued)

h) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

i) Third Party Deposits and Retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

j) Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the County Executive's fixed asset register a summary of which is provided as a memorandum to these financial statements.

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County Executive at the end of the year. Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

l) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships.

The County Executive does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 7 of this financial statement is a register of the contingent liabilities in the year.

m) Contingent Assets

The County Executive does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Executive in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

n) Budget

The 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 Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 22nd June 2022 for the period 1st July 2022 to 30th June 2023 as required by law. There were two number of supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

o) Comparative figures

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

p) Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

q) Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

15. Notes to the Financial Statements

1. Transfer from the CRF

	2022-2023	2021-2022
	Kshs	Kshs
Total Exchequer Releases for quarter 1	3,605,895,317	2,843,634,669
Total Exchequer Releases for quarter 2	6,884,027,464	8,033,211,242
Total Exchequer Releases for quarter 3	6,770,264,167	5,621,618,056
Total Exchequer Releases for quarter 4	13,225,062,915	10,438,596,425
Total	30,485,249,863	26,937,060,392

The comparative figures have been revised to comply with the reporting template revised in June 2023.

2. Compensation of Employees

	2022-2023	2021-2022
	KShs	KShs
Basic salaries of permanent employees	5,688,485,313	2,756,946,580
Basic wages of temporary employees	161,007,644	1,322,998
Personal allowances paid as part of salary	4,343,403,955	1,673,950,526
Personal allowances provided in kind	92,798,635	74,162,950
Employer Contributions to Compulsory national social security schemes	899,780,104	475,808,716
Total	11,185,475,652	4,982,191,769

Notes to the Financial Statements (Continued)

3. Use of Goods and Services

	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	403,963,357	156,511,724
Communication, supplies and services	51,235,438	54,863,887
Domestic travel and subsistence	436,110,047	273,070,829
Foreign travel and subsistence	306,896,007	252,362,786
Printing, advertising and information supplies & services	68,685,067	63,068,023
Rentals of produced assets	41,669,625	-
Training expenses	141,418,272	162,446,923
Hospitality supplies and services	139,531,289	150,334,420
Insurance costs	1,777,187,604	679,635,812
Specialized materials and services	510,570,883	757,304,469
Office and general supplies and services	101,447,506	697,770,221
Other operating expenses	1,752,556,404	2,268,832,045
Routine maintenance – vehicles and other transport equipment	29,414,721	23,854,355
Fuel Oil and Lubricants	252,307,165	90,217,637
Routine maintenance – other assets	12,950,059	26,337,474
Other Creditors	1,464,849,686	1,862,737,482
Research, Studies, Project Preparation, Design & Supervision	182,143,194	123,496,047
Total	7,672,936,323	7,642,844,133

Notes to the Financial Statements (Continued)

4. Transfer to other Government entities

	2022-2023	2021-2022
Description	KShs	KShs
Transfer to Nairobi City County Assembly	1,748,810,398	1,302,938,136
Transfer to Nairobi Metropolitan Services (NMS)	3,726,066,440	11,847,311,056
TOTAL	5,474,876,838	13,150,249,192

5. Other Grants and Transfers

	2022-2023	2021-2022
Description	KShs	KShs
Scholarships and other educational benefits	690,871,605	641,260,040
Current Grants to Government agencies and other levels of Government	130,251,793	-
Emergency relief and refugee assistance- Civil Contingency Reserves	522,427,565	157,830,690
TOTAL	1,343,550,963	799,090,730

6. Social Security Benefits

	2022-2023	2021-2022
	KShs	KShs
Government pension and retirement benefits	18,287,282	9,844,106
Total	18,287,282	9,844,106

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Notes to the Financial Statements (Continued)

7. Acquisition of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Non-Financial Assets		
Construction of Buildings	31,419,104	110,392,197
Refurbishment of Buildings	165,841,435	51,520,178
Construction of Roads	814,603,066	980,000
Construction and Civil Works	1,327,216,310	467,486,554
Overhaul and Refurbishment of Construction and Civil Works	13,948,932	-
Purchase of Vehicles and Other Transport Equipment	100,000,000	-
Overhaul of Vehicles and Other Transport Equipment	-	36,000,000
Purchase of Household Furniture and Institutional Equipment	-	33,610,345
Purchase of Office Furniture and General Equipment	147,781,155	334,650,689
Purchase of Specialized Plant, Equipment and Machinery	928,255,284	19,262,069
Rehabilitation and Renovation of Plant, Machinery and Equip.	15,095,172	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	3,439,655	-
Total	3,547,600,112	1,053,902,033

Notes to the Financial Statements (Continued)

8. Finance Costs, including Loan Interest

	2022-2023	2021-2022
	Kshs	Kshs
Other expenses bank charges	2,611,927	4,944,596
Total	2,611,927	4,944,596

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Notes to the Financial Statements (Continued)

9. Cash and Bank Balances

9A. Bank Balances

	Amount in bank account curren cy	Indicate whether recurrent or development, deposits, receipts, etc	2022 - 2023	2021 -2022
Name of Bank, Account No. & Currency			Kshs	Kshs
Central Bank of Kenya- ASDSP II A/C No: 1000367709	Kshs	Recurrent	-	22,683,840
Central Bank of Kenya- Development A/C No: 1000171413	Kshs	Development	-	772,117
Central Bank of Kenya- KRB RMLF A/C No: 1000248106	Kshs	Fund	818,197,395	7,358,321
Central Bank of Kenya- Recurrent A/C No: 1000171502	Kshs	Recurrent	-	69
Central Bank of Kenya- Revenue A/C No: 1000171863	Kshs	Revenue	-	-
Central Bank of Kenya- Special Purpose A/C No: 1000309741	Kshs	Recurrent	-	44,358,139
Central Bank of Kenya- Youth Poly PRJ Grant A/C No: 1000367431	Kshs	Recurrent	31,313,192	31,313,192
Central Bank of Kenya- Kenya Devolution Support Programme A/C No: 1000458777	Kshs	Recurrent	31,442,137	31,442,137
Chase Bank- Nairobi Ward Development Fund A/C No: 0082120378001	Kshs	Recurrent	-	-
Cooperative Bank-Bursary Fund A/C No: 01141232396612	Kshs	Fund	-	-

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Cooperative Bank-Bursary Fund A/C No: 01141232396613	Kshs	Fund	334,668,005	3,082,977
Cooperative Bank-Free Education Current Account A/C No: 01139232396601	Kshs	Recurrent	90,504,660	5,260
Cooperative Bank-Development A/C No: 01141232396602	Kshs	Development	1,542,247	1,542,247
Cooperative Bank-Imprest A/C No: 01141232396601	Kshs	Recurrent	15,871,413	973,647
Cooperative Bank SPA-Urban Development Grant A/C No: 01141232396616	Kshs	Development	-	-
Cooperative Bank SPA-County Urban Institution Grant A/C No: 01141232396615	Kshs	Development	-	-
Cooperative Bank SPA-Commercial A/C for ASDSP II Program A/C No: 01141232396614			40,120,769	1,986,313
Cooperative Bank - Kenya Roads Board A/C No: 01136005723604 (27082011.41)	Kshs	Development	27,082,011	24,791,594
Cooperative Bank-Loan call A/C No: 01150232396600	Kshs	Loan	-	-
Cooperative Bank - University of Maryland Health Services 01141232396611	Kshs	Recurrent	-	-
Cooperative Bank-Revenue A/C No: 01141232396600	Kshs	Revenue	-	-
Cooperative Bank-Salary A/C No: 01692232396600	Kshs	Recurrent	1,975,920	3,921,700
Cooperative Bank-Solid waste management A/C No: 01141232396606	Kshs	Development		
Cooperative Bank-Waithaka Vocational Training Centre A/C No: 01139232396600	Kshs	Recurrent	5,792,579	178,580
Cooperative Bank - Nairobi City County - KRA	Kshs	Recurrent		-

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Revenue Collection Account 1141709410000				
Cooperative Bank - Nairobi City County - 01141232396620	Kshs	Recurrent	-	-
Equity Bank - Operations A/C 0810277333578	Kshs	Recurrent		
Equity Bank-County Imprest collection A/C No: 0810278212344	Kshs	Recurrent		
Equity Bank-General collection A/C No: 0810263520904	Kshs	Revenue		
Equity Bank-County Revenue collection A/C No: 0810264036845	Kshs	Revenue	(21)	
Equity Bank-County Bursary Account A/C No: 0810277333599	Kshs	Recurrent		
Equity Bank-County Development Account A/C No: 0810277333586	Kshs	Development		
Equity Bank-General collection A/C No: 0810271586663	Kshs	Revenue		
KCB - Embakasi District Hospital Ac No 1122416512				
KCB Loan Ac No MG 1424500930 A/C 105991342				
Kenya Commercial Bank - Mama Lucy Hospital A/C- 1133233864	Kshs	Recurrent		
Kenya Commercial Bank- current A/C No: 1159076065	Kshs	Recurrent		
Kenya Commercial Bank- Trust fund A/C No: 1149229667	Kshs	Trust Fund	43,451,792	42,076,419
Kenya Commercial Bank- Mutuini A/C No: 1122980027	Kshs	Recurrent		
National Bank - Revenue A/C No: 01060217197400	Kshs	Revenue		

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National Bank - Salary A/C No: 01098202877200	Kshs	Recurrent		
National Bank - Mbagathi Hospital A/C No:01001031663101	Kshs	Recurrent		
National bank - Nairobi County Imprest Account A/C 01560202877200	Kshs	Recurrent		-
National Bank - Pumwani Hospital A/C No:102100895400	Kshs	Recurrent		
National Bank - Pumwani Maternity College A/C No: 01285123637400	Kshs	Recurrent		
National Bank -UN Habitat A/C No:01001067824200	Kshs	Recurrent		47,850
National Bank-Emergency fund A/C No: 01001091113700	Kshs	Emergency Fund		14,418
National Bank- Operations A/C No: 01071202877200			6,800	6,800
HFC - Nairobi City County A/C No: 7040001513	Kshs	Recurrent		
Total			1,441,968,898	216,555,617

9 B Cash in Hand

	2022-2023	2021-2022
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

Cash in hand should also be analysed as follows:

	2022-2023	2021-2022
	Kshs	Kshs
Location 1	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

10. Outstanding Imprests and advances

<i>Description</i>	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests	22,871,865	8,374,380
Total	22,871,865	8,374,380

Breakdown of Imprest per department	2022-2023	2021-2022
Imprests	Kshs	Kshs
Fleet Management	70,000	245,000.00
Education, Youth Affairs and sports	200,000	80,000.00
Governor and Deputy Governor	3,383,900	2,178,500.00
Legal Affairs	454,300	-
Trade, Industrialization	1,075,000	30,000.00
Procurement	570,000	-
Investigation and Information Analysis	100,000	-
City Inspectorate	1,580,500	90,000.00
Sub-County Administration	5,925,000	280,580.00
Public Service Management	41,410	100,000.00
County Public Service Board	-	1,170,350.00
E-Government and Public Communication	441,190	-
Agriculture, Livestock Development	-	214,700.00
Finance and Economic Planning	3,387,305	2,124,250.00
Culture and Social Services	1,116,000	50,000.00
Roads	1,292,000	700,000.00
Urban Planning	2,535,260	522,000.00
Audit	-	100,000.00
Fire Rescue Management	500,000	489,000.00
Health	200,000	-
Total	22,871,865	8,374,380.00

Notes to the Financial Statements (Continued)

11. Deposits and Retention

	2022 -2023		2021 -2022	
	Kshs		Kshs	
Deposits	-		-	
Retention Monies	-		-	
Total	-		-	
Ageing analysis for	-		-	
Ageing analysis: (deposits and retentions)	2022 -2023		2021 -2022	
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

12. Fund Balance Brought Forward

	2022-2023	2021-2022
	KShs	KShs
Bank accounts	1,489,166,265	897,688,736
Cash in hand	-	-
Accounts Receivables	8,374,380	33,247,428
Accounts Payables	-	-
Total	1,497,540,645	930,936,164

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Notes to the Financial Statements (Continued)

13. Increase/ (Decrease) in Outstanding Imprests and Advances

	2022 -2023	2021 -2022
Description	Kshs	Kshs
Imprest and Advances as at 1 st July (A)	8,374,380	33,271,720
Imprest and Advances as at 30 th June (B)	22,871,865	8,374,380
Increase)/ Decrease in Imprest and Advances (C=(B-A))	14,497,485	(24,873,048)

14. Increase/ (Decrease) in Deposits and Retention

	2022-2023	2021-2022
Description	Kshs	Kshs
Deposits and Retention s as at 1 st July (A)	-	-
Deposits and Retention as at 30 th June (B)	-	-
Increase/ (Decrease) in Deposits and Retentions C= B-A	-	-

15. Other Important Disclosures

Summary of Pending Accounts Payables

	2021-2022	Additions for the year	Paid /adjustments during the year	2022-2023
Pending Accounts Payable (Annex 2)	26,270,995,418	6,632,664,912	2,663,124,392	30,240,535,938
Pending Staff Payables (Annex 3)	222,411,928	76,229,069	80,237,379	218,403,618
Other Pending Payables (Annex 4)	72,878,965,573	11,161,248,565	16,231,696,391	67,808,517,746
Total	99,372,372,918	17,870,142,546	18,975,058,162	98,267,457,303

1. Pending Accounts Payable (Annex 2)

	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	2021-2022			2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	893,755,715	1,218,639,108	704,021,253	1,408,373,571
Construction of Civil Works	825,483,866	12,381,325	94,460,581	743,404,610
Supply of Goods	1,622,502,916	2,405,443,774	107,311,508	3,920,635,182
Supply of Services	22,929,252,921	2,996,200,705	1,757,331,050	24,168,122,575
Total	26,270,995,418	6,632,664,912	2,663,124,392	30,240,535,938

2. Pending Staff Payables (Annex 3)

	2021-2022	Additions for the year	Paid/Adjustments during the year	2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Others -Retirees	222,411,928	76,229,069	(80,237,379)	218,403,618
Total	222,411,928	76,229,069	(80,237,379)	218,403,618

3. Other Pending Payables (Annex 4)

	Balance b/f 2021-2022	Adjustment	Additions for the period	Paid during the year	Balance c/f 2022-2023
	2021-2022				2022-2023
Description	Kshs		Kshs	Kshs	Kshs
Amounts due to National Government Entities	986,734,338	-	1,560,655,232	1,673,777,678	873,611,892
Amounts due to County Government Entities	282,821,839	-	2,373,625	-	285,195,464
Amounts due to Third Parties	71,609,409,396	(13,232,825,831)	9,598,219,708	1,325,092,883	66,649,710,390
Total	72,878,965,572	(13,232,825,831)	11,161,248,565	2,998,870,560	67,808,517,746

There was a Court Case on Lapfund Interests and Penalties (Case Number 74 of 2019 final ruling on 24th March 2023) The Court ruled in Favor of Nairobi City on defunct Lapfund debt and Kshs. 13,232,825,831 was quashed hence the adjustment

Other Important Disclosures

4. External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received in cash – ASDSP and KISIP	163,587,857	-
External assistance received as loans and grants	-	-
Total	163,587,857	-

Other Important Disclosures (Continued)

a) External assistance relating to loans and grants

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as grants	163,587,857	
Total	163,587,857	

b). Classes of providers of external assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	163,587,857	-
Total	163,587,857	-

Other Important Disclosures

5. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Executive:

- i) Key management personnel that include the Governor, the Deputy Governor, Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments.
- ii) County Ministries and Departments.
- iii) The National Government.
- iv) Other County Governments Entities and
- v) State Corporations and Semi-Autonomous Government Agencies.

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Related party transactions

	2022 -2023	2021 -2022
	Kshs	Kshs
Key Management Compensation (Governor, Deputy Governor, CEC Members and COs)	120,935,883	59,521,685
<u>Transfers to related parties</u>		
Transfer to the County Assembly	1,748,810,398	1,302,938,136
Transfers to Nairobi Metropolitan Services (NMS)	3,726,066,440	11,802,918,463
Total Transfers to related parties	5,474,876,838	13,105,856,599
<u>Transfers from related parties</u>		
Transfers from the Exchequer	30,485,249,863	28,209,671,039
Transfers from Nairobi Metropolitan Services (NMS)		-
Total Transfers from related parties	30,485,249,863	28,209,671,039

Other Important Disclosures**6. Establishment of other County Government Entities**

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

County Government of Nairobi City	Date Established	Location	Accounting Officer responsible
Nairobi City County Alcoholic Drinks Control Fund	1 st Nov 2015	Weights and measures complex-Popo Road, South C.	Chief officer-Trade
Nairobi County Liquor Board	1 st July 2014	Weights and measures complex-Popo Road, South C.	Chief officer-Trade

7. Contingent Liabilities

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	LAPTRUST (Actuarial deficit & Interest)	County Pension Fund (CPF)	Ksh	2,624,372,573	-	
2	Government guaranteed loans	National Treasury	Ksh	15,328,285,000	-	These were Government guaranteed loans for construction of Umoja II housing project in 1980s that had been in the books of the defunct Nairobi City Council and the balances were brought forward to the

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						books of the County at inception of devolution.
3	On lent Water Loans (Foreign)	National Treasury	Ksh	3,815,640,000	-	The National Government guaranteed loans to Nairobi City Council to finance water and sewerage infrastructures in 1970s. These balances had been in the books of the defunct Nairobi City Council and were brought forward to the books of the County at inception of devolution.

16. Progress On Follow Up On Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Compensation of Employees	Financial statements reflect compensation of employee's balance of Kshs.4,982,191,769 which is a reduction of Kshs.1,448,091,389 or 23% from the prior year amount of Kshs.6,430,283,158.			
2.1 Utilities, Supplies and Services	Payment vouchers amounting to Kshs.100,862,069 paid to Kenya Power and Lighting Company Limited (KPLC), were not supported with invoices and bills from the Company. County owed Nairobi City Water and Sewerage Company (NCWSC) an amount of Kshs.249,199,058, for bills dating back to 2016/2017 financial year. Bills			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	for 2018/2019, 2019/2020, 2020/2021 and 2021/2022 have neither been paid nor included in the pending accounts payable.			
2.2 Communication Supplies and Services	Kshs.8,001,724 was paid for supply of laptops and telephones. However, the issue voucher and distribution list were not provided for audit indicating to whom the items were issued.			
2.3 Manual Insurance Costs	County awarded National Hospital Insurance Fund (NHIF) a contract for provision of a comprehensive medical insurance group life and last expense cover for the County staff members on 8 September, 2021, for ten (10) months at a contract price of Kshs.691,807,590. However, review of payment records revealed that the			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	County paid NHIF an amount totalling to Kshs.764,635,812 resulting to unreconciled variance of Kshs.72,828,222.			
2.4 Fuel Oil and Lubricants	Management did not maintain updated fuel register and fuel statements from service providers indicating the vehicle, period and quantity of consumed fuel. Detailed analysis and ownership records for the vehicles were not provided for audit verification. The vehicle fueling system was prone to abuse since the fueling smart cards, which were not used exclusively for fueling a specific County vehicle, may be used to fuel any vehicle, including non-County vehicles.			
2.5 Distribution of Goods	Kshs.127,917,259 paid to seventeen (17) suppliers of various supplies such			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	as sanitary and cleaning materials face masks sanitizers stationary furniture and fittings hairdressing equipment, education materials uniforms and tyres. However, the payment vouchers were not supported with the respective receipt and issue vouchers.			
2.6 Supply of Goods Under Emergency Department	Management procured foodstuff totalling to Kshs.275,045,034 for Disaster and Emergency Department from a local company. However, records supporting the distribution of the foodstuff were not provided for audit. Management incurred an expenditure totalling to Kshs.37,669,760 in respect of emergency COVID response. However,			

Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>supporting documents such as distribution list, acknowledgement of receipt, reports and approvals were not provided for audit.</p> <p>Management procured fifteen thousand nine hundred (15,900) (high density) mattresses at a cost of Kshs.135,669,000 from a local merchant for disaster management.</p> <p>However, records indicating how, why and where the mattresses were distributed, were not provided for audit.</p>			
2.7 Unsupported Procurement of Goods	<p>Kshs.16,649,000, which was incurred on account of supply and delivery of face masks and hand sanitizers amounting to Kshs.14,369,000 and Kshs.2,280,000 respectively, from two local suppliers for Nairobi City</p>			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	County Alcoholic Drinks Control and Licensing Board, a semi-autonomous entity which prepares its own financial statements. However, Management did not provide supporting documents such as receipt and issue vouchers for the goods and approval for the above payments which were made without a budget.			
2.8 Irregularities in Procurement of Masks	In view of the inconsistencies in the procurement process, it was not possible to confirm the validity of the procurement and delivery of the goods amounting to Kshs.19,600,000.			
2.9 Retreats at Unknown Venue	The grand total for the retreat services provided was Kshs.2,981,200, which was paid for a retreat whose venue was not disclosed for			

Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	audit review. In addition, the County paid allowances to the drivers totalling to Kshs. 1,700,000. However, the number exceeded the maximum of fifteen (15) days allowed for retreats.			
2.10 Domestic Travel and Subsistence	A payment of Kshs. 8,599,072 paid to a local tours and travels company for provision of accommodation, transport, meals and laundry for the International HOPE medical team. Examination of records provided indicated that this expenditure was incurred on 14 May, 2019. However, the amount payable was not included in the pending bills list for the 2020/2021 financial year.			
2.11 Other Unsupported Payments	Review of expenditure listing provided for audit			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	revealed that an expenditure totalling Kshs.113,216,907 was not supported by payment vouchers, approvals and tender documents			
2.12 Goods not Taken on Charge	Review of a sampled payment vouchers revealed that although Civic Education Materials totalling to Kshs. 7,195,000 were said to have been procured and delivered to the stores as per the stores receipt vouchers, the stores Management did not provide stores receipt and issue vouchers for audit verification.			
3. Failure to Provide Transaction Status	Review of expenditure analysis obtained from the Integrated Financial Management Systems, (IFMIS) revealed that 11,229 payment transactions with a total expenditure of Kshs.15,627,395,783			

Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>had been invalidated during the year under review. However, there was no documentary evidence provided to support authorization and reasons for invalidation of the transactions which had been presented to the Controller of Budget (CoB) for approval.</p> <p>Review of payment transactions revealed that although the Management paid merchants in the year under review, payments totalling Kshs. 1,019,221,448 were returned back to the County accounts as a result of missing information from the payees. However, the current status of the returned amount was not provided for audit verification.</p>			
4. Irregularities in Procurement of Transferred Services	County Management continued to execute some of these services which had been transferred to Nairobi			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Metropolitan Services, through award of a contract in respect to procurement of medical drugs and supplies totalling to Kshs.75,950,000 during the year under review. The supporting documents such as receipt vouchers, issue vouchers, inspection certificates and schedules or lists detailing how the drugs were distributed to various dispensaries and health centres were not provided for audit.			
5. Misallocation of Expenditure Items	Audit verification of payment records revealed that various items amounting to Kshs.262,844,724 were posted to the wrong account items but Management did not provide approval for reallocations as required by the Section 154(2)(b) of the Public Finance			

Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Management Act, 2012.			
6. Unreconciled Bank Balances	forty (40) bank statements, bank certificates, bank reconciliation statements, and cash books were not provided for audit.			
7. Outstanding Imprests	Accounting documents for issued imprests which include the memorandum cash books were not provided for audit. Management did not explain why the imprest had not been surrendered on the due dates or recovery measures taken against holders of the outstanding imprests.			
8. Accounts Payable – Deposits and Retentions	Supporting records such as cash book, bank statement and deposit register were not provided for audit and the County did not reflect any deposits outstanding			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	as at the end of the year.			
9.1 Irregular Construction of a Perimeter Wall	The County Government performed health functions which had been transferred and therefore did not have the mandate to do so, and the expenditure was not supported by any relevant authority.			
9.2 Uninstalled Apparel and Garment Making Equipment	Same members opened the tenders, evaluated them and inspected the goods said to have been delivered, contrary to Section 46(1) of the Public Procurement and Asset Disposal Act, 2015, which requires segregation of duties in the three parts of the procurement process. Further, physical inspection of the Market office in the month of September, 2022 revealed that the equipment had not been installed and were not in the store.			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
9.3 Irregularities in Procurement of Laptops	Three records had the following discrepancies; Local Purchase order indicated Kshs. 21,887,120 inspection report indicated Kshs. 20,022,720 while the stores receipt statement indicated Kshs. 20,044,720. Physical inspection carried out in the month of September, 2022 at Waithaka Station revealed that the equipment had not been delivered to the users. The local purchase order and delivery notes were not stamped by the general store's management.			
10. Unsupported Scholarship and Bursaries	Management did not provide adequate supporting documents such as acknowledgement from the school signed register by the beneficiaries as a proof that they received the scholarships complete information of the			

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Reference Number on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	beneficiaries in the form of admission members, final primary school and approvals by the committee.			



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County Executive Committee Member – Finance and Economic Planning

Date: 15th December 2023

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17. Annexes

Annex 1 – Analysis of Transfers from the CRF

Period 2022 - 2023	Quarter 1 (Kshs)	Quarter 2 (Kshs)	Quarter 3 (Kshs)	Quarter 4 (Kshs)	Total (Kshs)
County Executive	1,245,894,129	4,211,137,397	5,812,360,167	12,750,058,544	24,019,450,237
County Assembly	126,783,100	252,706,784	848,902,022	520,418,492	1,748,810,398
Nairobi Metropolitan Services (NMS)	2,233,218,088	1,492,848,352	-	-	3,726,066,440
Road Maintenance Fuel Levy Fund	-	927,334,931	-	-	927,334,931
Agriculture Sector Development Support Project (ASDSP)	-	-	32,017,925	31,569,932	63,587,857
Total	3,605,895,317	6,884,027,464	6,693,280,114	13,302,046,968	30,485,249,863

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Annex 2 – Analysis of Pending Accounts Payable

Supply of Goods and Services	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
	a	b	c	=a+b-c
Construction of Buildings	893,755,715	1,218,639,108	704,021,253	1,408,373,571
Sub-Total	893,755,715	1,218,639,108	704,021,253	1,408,373,571
Construction of Civil Works	825,483,866	12,381,325	94,460,581	743,404,610
Sub-Total	825,483,866	12,381,325	94,460,581	743,404,610
Supply of Goods	1,622,502,916	2,405,443,774	107,311,508	3,920,635,182
Sub-Total	1,622,502,916	2,405,443,774	107,311,508	3,920,635,182
Supply of Services	1,190,620,160	901,759,156	25,360,340	2,067,018,976
Legal Creditors	21,210,002,361	1,529,972,642	1,368,970,710	21,371,004,293
Kenya Power	293,633,341	564,468,907	363,000,000	495,102,248
Water Bills	234,997,059	-	-	234,997,059
Sub-Total	22,929,252,921	2,996,200,705	1,757,331,050	24,168,122,575
Grand Total	26,270,995,418	6,632,664,912	2,663,124,392	30,240,535,938

Annex 3 – Analysis of Pending Staff Payables

Description	Outstanding Balance	Additions during the year	Amount Paid to-date	Outstanding Balance
	2021-2022			2022-2023
	a	b	c	d=a+b+c
Others - Retirees	222,411,928	76,229,069	(80,237,379)	218,403,618
Total	222,411,928	76,229,069	(80,237,379)	218,403,618

Annex 4 – Analysis of Other Pending Payables

Name	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
			2022-2023	2021-2022
	a	b	c=a-b	
Amounts due to National Govt Entities				
KRA PAYE	2,323,038,040	1,673,777,678	649,260,363	762,382,808
KRA PAYE Penalties and Interest	105,797,983	-	105,797,983	105,797,983
KRA -VAT	118,553,546	-	118,553,546	118,553,546
Sub-Total	2,547,389,569	1,673,777,678	873,611,892	986,734,338
Sub-Total				

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NSSF	282,821,839	-	282,821,839	282,821,839
Add: Un remitted	2,373,625		2,373,625	
Sub-Total	285,195,464	-	285,195,464	282,821,839
Amounts Due to Third Parties				
Government Guaranteed Loans	15,328,285,000	-	15,328,285,000	15,328,285,000
Onlent Water (Foreign Loans)	3,815,640,000	-	3,815,640,000	3,815,640,000
Sub-Total	19,143,925,000	-	19,143,925,000	19,143,925,000
Amounts due to Third Parties				
Kenya Commercial Bank Loan	4,504,199,426	-	4,504,199,426	4,504,199,426
Total	23,648,124,426	-	23,648,124,426	23,648,124,426

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Annex 4 – Analysis of Other Pending Payables

Name	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
			2022-2023	2021-2022
	a	b	c=a-b	
Amounts due to National Government Entities				
KRA PAYE	2,323,038,040	1,673,777,678	649,260,363	762,382,808
KRA PAYE Penalties and Interest	105,797,983	-	105,797,983	105,797,983
KRA -VAT	118,553,546	-	118,553,546	118,553,546
Sub-Total	2,547,389,569	1,673,777,678	873,611,892	986,734,338
Sub-Total				
NSSF	282,821,839	-	282,821,839	282,821,839
Add: Un remitted	2,373,625		2,373,625	
Sub-Total	285,195,464	-	285,195,464	282,821,839
Amounts Due to Third Parties				
Government Guaranteed Loans	15,328,285,000	-	15,328,285,000	15,328,285,000
Onlent Water (Foreign Loans)	3,815,640,000	-	3,815,640,000	3,815,640,000
Sub-Total	19,143,925,000	-	19,143,925,000	19,143,925,000
Amounts due to Third Parties				

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Kenya Commercial Bank Loan	4,504,199,426	-	4,504,199,426	4,504,199,426
Total	23,648,124,426	-	23,648,124,426	23,648,124,426
Others (Specify)				
LapTrust Principal	7,849,104,632	1,157,817,773	6,691,286,859	6,691,762,594
LapTrust Penalties	16,929,703,940	-	16,929,703,940	16,929,703,940
LapFund Principal	87,122,563	167,275,110	(80,062,546)	72,376,576)
LapFund Penalties	16,836,273,229	-	16,836,285,128	16,831,078,047
LapFund Penalties	13,232,825,831			13,232,825,831
LapTrust (Actuarial Deficit)	2,624,372,573	-	2,624,372,573	2,624,372,573
Sub-Total	57,559,402,768	1,325,092,883	43,001,585,965	47,961,284,970
Grand Total	84,040,112,227	2,998,870,560	67,808,517,735	77,878,965,573


Annex 6 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Historical Cost c/f
	2021/2022 (Kshs)	(Kshs)	(Kshs)	2022/2023 (Kshs)
Land	-	-	-	-
Buildings and structures	5,592,188,097	197,260,539	-	5,789,448,636
Transport equipment	1,154,951,310	100,000,000	-	1,254,951,310
Office equipment, furniture and fittings	1,338,576,642	147,781,155	-	1,486,357,797
ICT Equipment, Software and Other ICT Assets	212,697,529	-	-	212,697,529
Other Machinery and Equipment	596,369,753	-	-	596,369,753
Heritage and cultural assets	112,432,000	-	-	112,432,000
Intangible assets	109,259,889	-	-	109,259,889
Purchase of Specialized Plant, Equipment and Machinery	-	943,350,457	-	943,350,457
Purchase of certified seeds, breeding stock and live animals	38,843,630	3,439,655	-	42,283,285
Infrastructure	14,884,307,002	2,155,768,307	-	17,040,075,309
W.I. P	2,826,814,000	-	-	2,826,814,000
Total	26,866,439,852	3,547,600,112	-	30,414,039,964

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Annex 7 – Inter-Entity Transfers

Ref.	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative amount transferred (Kshs)	Amount Confirmed as received (Kshs)	Difference	Explanation
1	County Assembly	126,783,100	252,706,784	848,902,022	520,418,492	1,748,810,398	1,748,810,398	-	
2	Nairobi Metropolitan Services (NMS)	2,233,218,088	1,492,848,352	-	-	3,726,066,440	3,726,066,440	-	
	Total	2,360,001,188	1,745,555,136	848,902,022	520,418,492	5,474,876,838	5,474,876,838	-	


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Head of County Treasury-Accounting

Nairobi City County Executive


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Director of Finance

Nairobi City County Assembly