

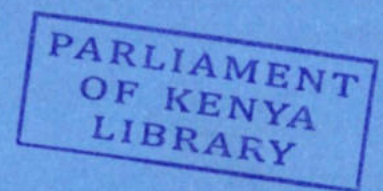
REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE – REVENUE
STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF NAIROBI CITY



RECEIVER OF REVENUE
County Government of Nairobi

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

*Receiver of Revenue
County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024*

*Receiver of Revenue
County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024*

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1. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
UBP	Unified Business Permit

b) Glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2.Key Entity Information and Management

(a) Background information

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

(c) Principal activities

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

(d) Key Management Team

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

Positions	Names
County Executive Committee Member for Finance and Economic Planning	Charles Kerich
County Chief Officer - Revenue Administration	Tiras Njoroge
Director, Revenue Administration	Dr John Ntoiti
Deputy Director, Revenue Administration	Veronica K. Nzilu
Head of Revenue Reporting	Paul Mwangi

Key Entity information and Management (continued)

(e) County Headquarters

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(f) County Executive Contacts

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(g) Independent Auditor

Auditor General
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GPO 00100
Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney
General State
Law office
Harambee
Avenue
P.O Box 40112-00200
City Square
Nairobi, Kenya

(i) Bankers

- i. Co-operative
Bank City
Hall Branch
Po Box 44805-00100
Tel No. 020 2252126
Nairobi, Kenya
E-mail : cityhallbr@co-opbank.co.ke
Website : www.co-opbank.co.ke

(ii) Equity Bank

Equity Centre
Branch Po Box
75104-00200
Tel No: 020 2744000
Nairobi, Kenya
E-mail :
info@equitybank.co.ke
Website: [www,equityban
k.com](http://www.equitybank.com)

(iii) National Bank

of Kenya Kenyatta
Avenue Branch Po
Box 30645-00100
Tel No.202 340880
Nairobi Kenya
E-mail Address: callcentre@nationalbank.co.ke. Website:
www.nationalbank.co.ke.

3. Foreword by the CECM Finance and Economic Planning

The Receiver of revenue 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, 2024. 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. Growth in the world real Gross Domestic Product (GDP) slowed to 3.1 per cent in the year 2023 as compared to 3.5 per cent in the year 2022. The slowdown was more pronounced across advanced economies than in Emerging Markets and Developing Economies (Economicsurvey, 2024). Global GDP is projected to grow by 3.2 percent in the year 2024, a growth below the 2000-2019 historical average of 3.8 per cent. The growth reflects restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth.

The Kenyan economy has been experiencing steady growth in recent years, driven by strong domestic consumption, increased investment, and a growing services sector. However, several challenges remain, including high levels of public debt, rising inflation, and global economic uncertainties.

Nairobi, as Kenya's capital and largest city, plays a pivotal role in the country's economy. Its economic outlook in 2024 is largely intertwined with the national economic trends and remains positive, with continued growth and development prospects. However, addressing key challenges such as traffic congestion, urban sprawl and demand for housing would be crucial in ensuring long-term economic prosperity, and would create opportunities that will enhance revenue both in the National Government and County Government.

Addressing the chronic traffic congestion in Nairobi remains a significant challenge, but ongoing infrastructure projects aim to alleviate this issue. Managing urban sprawl and ensuring sustainable development are important considerations for Nairobi's future. The demand for affordable housing in Nairobi continues to outpace supply, which presents both challenges and opportunities for developers

Receiver of Revenue
County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024

lastly Nairobi has the potential to become a regional hub for innovation and technology, attracting investments and talent.

In FY 2023/2024, the County collected a cumulative total of Kshs. 12.8 billion in own-source revenues, against a target of Kshs. 19.9 billion. This represents a revenue performance of 64% of the target. The collection marked an improvement of Kshs. 2.3 billion from the previous year's performance of Kshs.10.5 billion.

The improved performance can be attributed to several factors which included revenue mobilization campaigns through multisector approach which involved collaborations across Departments to enhance efficiency in revenue collection. At the same time the County carried out various Rapid Results Initiatives (RRI) that were designed to achieve quick gains in revenue mobilization, particularly through targeted enforcement and compliance checks.

Coordinated efforts were made to identify defaulters across different sectors, leading to increased compliance through joint enforcements and support from County leadership played a crucial role in streamlining operations and ensuring the success of various revenue-enhancing strategies.

Additionally, the introduction of the Unified Business Permit (UBP) contributed significantly to the revenue boost. The UBP merged various revenue licenses, simplifying the process for businesses and reducing the customer journey, which encouraged compliance and quicker payments.

Despite the notable progress, the County faced several challenges that hindered its ability to meet the full revenue target led by System-Related Downtimes that saw frequent disruptions in the collection system which affected revenue collection efficiency. The year saw a series of national demonstrations specifically Countrywide Gen Z Demonstrations, which disrupted business operations and limited revenue collection from key streams such as parking fees and market cess.

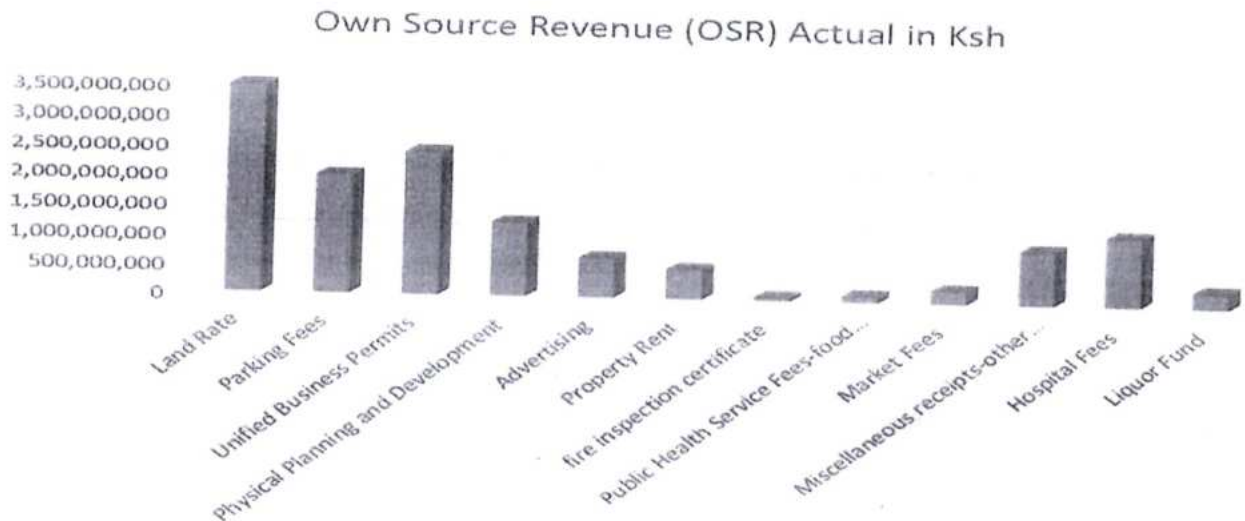
OWN SOURCE REVENUE (OSR)	FY 2022/2023 Actuals	FY 2023/24					
		Actual	Target	Deviation	Growth	Deviation	Growth
Land Rates	2,866,395,246	3,483,511,667	7,030,000,000	3,546,488,333	617,116,421	50.96	22%
Parking fees (total)	1,861,601,275	1,971,655,353	3,000,000,000	1,028,344,647	110,054,078	61.54	6%

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Unified/ Single Business Permits	1,633,513,224	2,394,575,767	3,453,000,000	1,058,424,234	761,062,543	54.45	47%
Plans and Inspections (Building Permits)	1,015,728,312	1,234,773,822	2,050,000,000	-815,226,178	219,045,510	55.05	22%
Billboards and advertisement s	593,283,759	661,616,854	1,200,000,000	-538,383,146	68,333,095	49.44	12%
House Rents	450,419,350	503,392,053	600,000,000	-96,607,947	52,972,703	75.07	12%
Fire Inspection Certificates	202,611,108	58,338,357	36,000,000	22,338,357	-144,272,751	45.02	-71%
Food Handlers Certificates	132,717,178	106,789,406	300,000,000	-193,210,594	-25,927,772	53.09	-20%
Markets	91,656,792	214,271,356	560,000,000	-345,728,644	122,614,564	38.19	134%
Other Incomes	378,701,869	909,380,942	1,831,000,000	-921,619,058	530,679,073	50.33	140%
Liquor Board Revenue	238,309,894	270,747,747	351,000,000	270,747,747	32,437,853	77.14	14%
Hospitals	937,801,901	1,154,091,268	903,000	1,046,048,529	807,738,635	95.32	9.2%
TOTAL (OSR)	10,560,592,492	12,963,144,591.55	20,411,903,000	7,204,898,148	3,151,853,952	706	1%

The figure above (table1) show revenue performance for the FY 2023/2024 where the county collected kshs 12.8b as compared to FY 2022/2023 where collection stood at 10. 56B clearly indicating an improvement of 2.3B Among the top performing revenue streams were Land rates as the best performing with a total collection of 3.4B which was 27.2% of the total collection followed closely by unified business permit that had a total collection of kshs 2.39b which was 18.7% of total performance. Parking fee was not left behind where the County collected 1.97b a performance of 15.4% of the total revenue.

Other revenue stream are physical planning and development with a collection of kshs 1.23b with hospital collection 1.1b. The table also compares the performance against the set targets where the county had a 64% of the targets.



In conclusion, the County remains steadfast in its commitment to maximizing own-source revenue and exploring innovative revenue-raising strategies. Through targeted initiatives and a proactive approach, we aim to exceed our revenue targets and ensure sustainable funding for essential services. By optimizing existing revenue streams and identifying new opportunities, we are confident in our ability to achieve fiscal self-sufficiency and enhance the overall well-being of our community

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

4. Management Discussion and Analysis

a) Budget execution and historical performance and outlook

Every financial year the County government of Nairobi sets targets in all revenue streams, this helps in realising the Counties objectives and also used as key performance indicator. In determining the targets, the county uses past performance and market trends for unstructured revenues and data base information for structured revenues. In the financial year 2023/2024 Nairobi City County had projected to collect kshs 19.99 from OSR. The performance for the same period was kshs12.8B being 64% of its target. The table below show actual performance against set targets for own source revenues for the financial year 2023/2024:

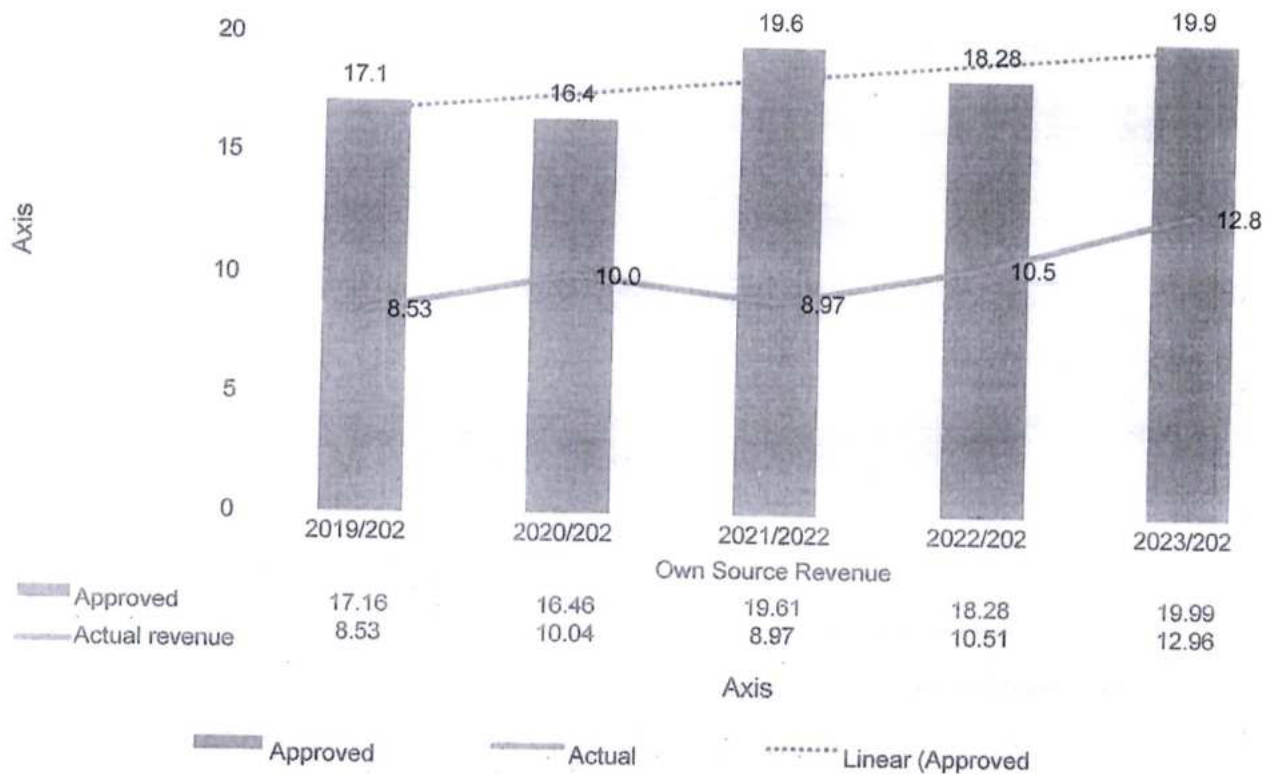
Description	Targets	Actual collections	realization
County Own Source Revenue	KSHS	KSHS	%
Land Rate	7,030,000,000	3,483,511,667	0.4955
Parking Fees	3,000,000,000	1,971,655,353	0.6572
Unified Business Permits	3,000,000,000	2,394,575,767	0.7982
Physical Planning and Development	2,050,000,000	1,234,773,822	0.6023
Advertising	1,200,000,000	661,616,854	0.5513
Property Rent	600,000,000	503,392,053	0.8390
fire inspection certificate	453,000,000	58,338,357	0.1288
Public Health Service Fees-food handlers cert	300,000,000	106,789,406	0.3560
Market Fees	560,000,000	214,271,356	0.3826
Miscellaneous receipts-other incomes	1,797,072,415	909,380,942	0.5060
Hospital Fees	9,000,000	1,154,091,268	119.1371
Liquor Fund	250,000	270,747,747	1,082.9910
Total County Own Source Revenue	19,999,322,415	12,963,144,591.55	0.6441

REVENUE PERFORMANCE FY 2023/2024

The county own sources performance registered a tremendous improvement in the last financial year 2023/2024 as compared to previous year 2022/2023 where by the County collected 12.8B being a 2.3b increase from previous year.

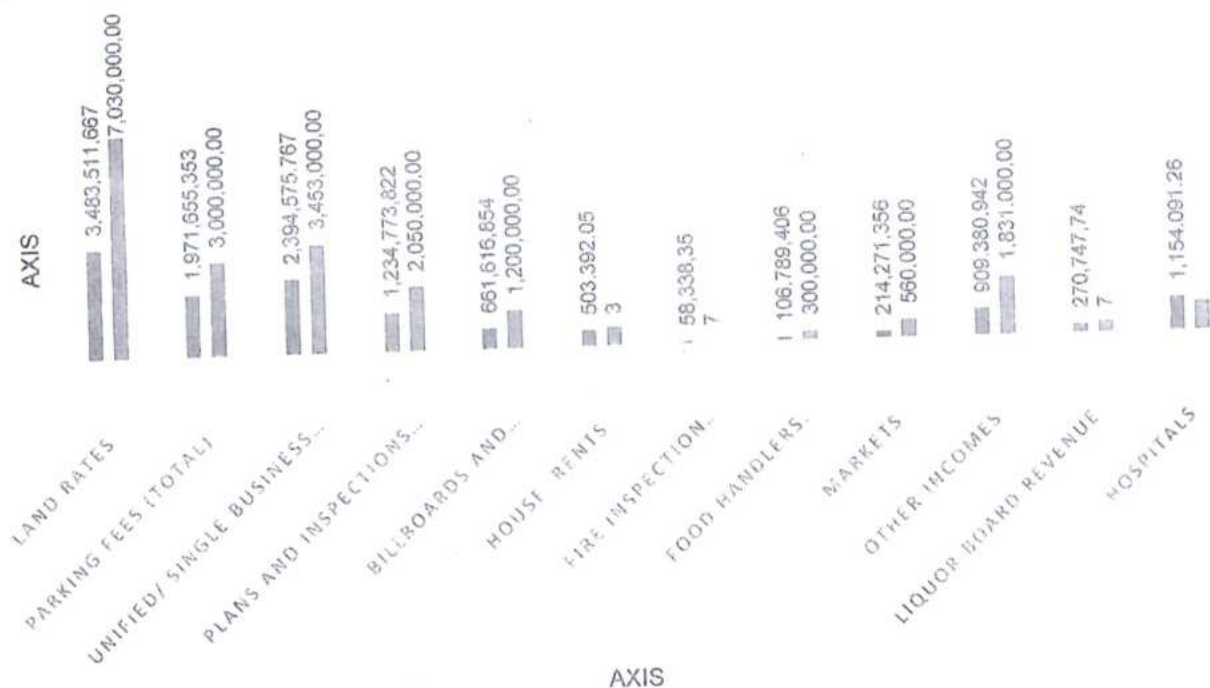
A tabulation showing the performance for the period between FY 2019/2020 to 2023/2024 is shown below.

own source revenue performance 2019/2020 to 2023/2024



The County Government of Nairobi has demonstrated a consistent effort to increase its revenue generation over the past five years. By setting ambitious targets based on revenue stream potential, the county has aimed to optimize its financial resources.

While the provided data shows that these targets have not been fully realized in all financial years, there has been steady progress in revenue collection. The peak performance was achieved in FY 2023/2024, with a 64% achievement rate against the approved targets. This indicates that the county's strategies and initiatives have been yielding positive results.



The above display FY2023/2024 performance on individual revenue streams against the set targets

b) Report on Challenges and Mitigation Factors in Revenue Collection

The County Government of Nairobi is responsible for collecting revenue from a variety of sources, including property taxes, business licenses, and parking fees. The collection is independent but at times depends on the economic situation of the county and country in general. Revenue performance for the year under review was affected by both micro and macro-economic factors. This was realised more so during the country wide demonstration against finance bill 2024. During the period most of the unstructured revenues were affected especially carpark and market cess, these are revenue where once lost (not collected) will not be recoverable.

Other factors that affected the performance in the period are:

- System stability- frequent downtimes.
- Inaccurate tax payer's data
- Lack of a legal framework for enforcement
- Court injunctions challenging collection of some levies
- Weak public-private partnership

System stability

In the year under review the County Government of Nairobi operated with a single system that offered self-service to Nairobians at their comfort however, it was faced with various downtimes and this affected revenue collection directly. The County government of Nairobi together with ICT have put some effort in ensuring that the system is stable and all issues are addressed and are working closely with development team to address any upcoming issues.

Inaccurate tax payer's data

The County Government of Nairobi taxpayer's database was transferred from laifoms to Nairobi pay. During the transfer not all data base was transferred making it difficult to identify and contact taxpayers who were delinquent in their payments. This also led to lost revenue. During data migration from former system some data were migrated in block affecting ageing of Debtors. Currently the County Government of Nairobi is in the process of Data cleansing and migrating all revenue data to the current system. Although the process is time consuming data collection exercise directly to Nairobi pay has been on going and helps in expanding the revenue base.

Court injunctions challenging collection of some levies

The County Government of Nairobi has faced numerous court injunctions challenging the collection of some levies. This has made it difficult to collect revenue from these levies. To overcome the challenge, the County established alternative dispute resolution where issues are solved outside the court.

Closure of various parking bay

The County lost a few parking bay where revenue collected from these areas was lost. This affected revenues in parking stream having an overall effect on performance.

In conclusion the County Government of Nairobi has made significant strides in addressing its revenue collection challenges. Despite facing obstacles, the county has implemented effective measures to improve its financial performance.

Key strategies that have contributed to this success include:

- **Technology Investment:** The county has recognized the importance of technology in streamlining revenue collection processes. By investing in and upgrading its technological infrastructure, Nairobi has enhanced efficiency and accuracy in tax assessment and payment collection.
- **Taxpayer Education:** A well-informed taxpayer base is essential for effective revenue collection. The county has implemented taxpayer education campaigns to increase awareness about tax obligations and promote voluntary compliance.
- **Data Management and Expansion:** The county has prioritized data cleansing and collection efforts to improve the accuracy and comprehensiveness of its taxpayer database. Additionally, the introduction of sectional titles is expected to boost revenue from land rates.
- **Enforcement Capabilities:** Strengthening enforcement measures is crucial for ensuring that taxpayers fulfill their financial responsibilities. The county has taken steps to enhance its enforcement capabilities, including improving the capacity of its revenue collection teams and implementing stricter penalties for non-compliance.

Moving forward, the County Government of Nairobi should continue to prioritize these strategies and explore additional avenues to further optimize revenue collection. By maintaining a focus on technology, education, data management, and enforcement, the county can ensure sustainable and efficient revenue generation, supporting its development goals and service delivery to its residents.

5. Statement of Receiver of Revenue's responsibilities

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

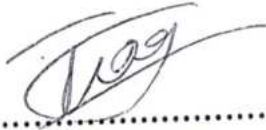
The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (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 entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the entity's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the entity's receiver of revenue account gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2024, and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

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

Approval of the Revenue Statements

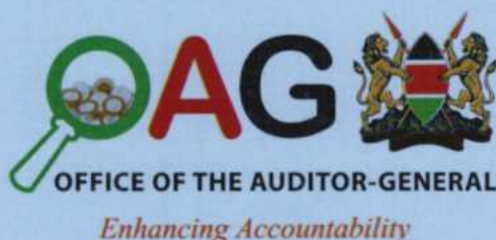
The *revenue* statements were approved and signed by the Receiver of Revenue on 27th sept 2024



.....
Tiras W. Njoroge
County Receiver of Revenue

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF NAIROBI CITY

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 REVENUE STATEMENTS

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Nairobi City set out on pages 1 to 17, which comprise of the statement of

financial assets and liabilities and statement of arrears of revenue as at 30 June, 2024 and the statement of receipts and disbursements and statement of comparison of budget versus 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 revenue statements do not present fairly, the financial position of the Receiver of Revenue – County Government of Nairobi City as at 30 June, 2024, and of its financial performance 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. Lack of Ageing Analysis Listing of Revenue in Arrears

The statement of arrears of revenue reflects total outstanding revenues in arrears of Kshs.1,509,346,118,578. However, this was not supported with a listing of all individual debtors as per the ageing analysis. As a result of the system's lack of an age analysis feature for outstanding balances, it was not possible to distinguish between current and prior-year debts, including doubtful debts. This limitation poses challenges in prioritizing collection efforts, particularly for older debts that may require unique strategies.

In the circumstances, the accuracy and completeness of total arrears of Kshs.1,509,346,118,578 could not be confirmed.

2. Variance Between Reported Revenue and Transaction Schedules

The statement of receipts and disbursements reflects total revenue amount of Kshs.12,963,144,592. Included in the revenue report are eleven (11) revenue streams totalling Kshs.12,053,763,650 and other income valued at Kshs.909,380,942. However, the transaction report per revenue stream provided for audit totaled Kshs.10,714,304,140 which differed with the reported revenue amount of Kshs.12,963,144,592 resulting in an unreconciled variance of Kshs.2,248,840,452. Further, review of the bank statements revealed that three (3) Mpesa transactions totalling Kshs.32,994,754 could not be traced in the revenue bank accounts.

In the circumstances, the completeness and accuracy of the reported revenue amount of Kshs.12,963,144,592 could not be confirmed.

3. Irregular Bank Charges

The statement of receipts and disbursements reflects an amount of Kshs.68,424,242 in respect of bank charges as disclosed in Note 11 to the financial statements. However,

analysis of bank charges accrued in one of the revenue accounts revealed that the bank charges totaled to Kshs.67,700,753. This amount comprised of a debit entry of Kshs.4,728,500 in respect of excise duty and another debit entry for uncollected ledger fees of Kshs.23,642,750. These debit entries were made on 11 April, 2024 and the same repeated on 6 May, 2024.

Further, a cumulative amount of Kshs.2,733,850 in respect of ledger fees was charged in the month of June, 2024. However, review of the bank's tariff guide indicated that Kshs.500 is charged for all real time gross transfer of funds regardless of the amount. An excise duty of 15% was also made on the charge. Therefore, the charge for each amount swept to County Revenue Fund account was expected to be Kshs.575 per transaction. A monthly ledger fee of Kshs.300 was also charged. Therefore, the charged amount differed with the expected bank charges from this specific account of Kshs.200,000 resulting in an unexplained variance of Kshs.67,500,753.

In the circumstances, the accuracy and completeness of the bank charges amount of Kshs.68,424,242 could not be confirmed.

4. Accumulated Uncollected Ground Rent and Land Rates Arrears and Penalties

Analysis of land rates balances of arrears maintained by the Nairobi Pay System revealed that the County had total outstanding arrears and penalties on uncollected land rates of Kshs.1,504,240,612,353. However, this amount differed with the reported land rates arrears of Kshs.1,505,829,973,824 in the statement of arrears of revenue resulting in an unreconciled variance of Kshs.1,589,361,471. No evidence was provided on measures taken by Management to ensure recovery of the receivables. Further, included in the outstanding land rates arrears in the Nairobi Pay System, is Kshs.682,060,368 in respect of land rates arrears that was noted to belong to the Nairobi City County Government. The County owing itself casts doubt on the reliability of the revenue records maintained by the County which may result to possible loss of public funds.

In the circumstances, the accuracy and completeness of the land rates arrear of Kshs.1,505,829,973,824 could not be confirmed.

5. Bank Balances Variances - Due to CRF

The statement of receipts and disbursements reflects balance due for disbursement as at 30 June, 2024 of Kshs.1,461,695,056. However, the balance differs with the bank balances of Kshs.28,750,605 in respect of disbursements - due to CRF reflected in the statement of financial assets and liabilities and Note 14 resulting to an unreconciled and unexplained bank balance variance of Kshs.1,432,944,451.

In the circumstances, the accuracy and completeness of cash and cash equivalent bank balance variance of Kshs.1,432,944,451 could not be confirmed.

6. Gaps in Single Business Permit Application Number

The statement of receipts and disbursements reflects unified business permits amount of Kshs.2,394,575,767 as disclosed in Note 3 to the financial statements. However, analysis

of the single business permit (SBP) fee records from Nairobi Pay System revealed significant gaps in the application number sequence. These gaps, relating to twenty-two thousand-three hundred and sixty-nine (22,369) unaccounted SBP application numbers, with a total value of Kshs.630,275,000 raises concerns of potential revenue loss.

In the circumstances, the accuracy and completeness of unified business permits amount of Kshs.2,394,575,766 could not be confirmed.

7. Failure to Provide Ledgers

As previously reported, the statement of receipts and disbursements for the year ended 30 June, 2024 reflects comparative County total own source revenue from twelve (12) revenue streams all totaling to Kshs.10,561,592,492 whose ledgers were not provided for audit verification.

In the circumstances, the accuracy and completeness of the total County own source revenue comparative amount of Kshs.10,561,592,492 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue – County Government 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

Budgetary Control and Performance

The County Government had budgeted to raise Kshs.19,999,322,415 from locally generated receipts for the financial year ending 30 June, 2024 as disclosed in the statement of comparison of budget versus actual amounts. However, the actual amount collected was Kshs.12,963,144,592 or 65% of the projected revenue, resulting in to a shortfall of Kshs.7,036,177,823. Management attributed this shortfall to system-related downtimes, which caused frequent disruptions in the collection system and affected revenue collection efficiency.

The under collection may have affected the service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in

the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

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 which have remained unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare and Submit Nairobi City County Revenue Authority Financial Statements

During the year under review, the Nairobi City County Revenue Authority Board of Governors were appointed and the approved budgetary allocation for the Authority was Kshs.550,000,000. However, the Authority did not prepare and submit separate financial statements for audit. Further, discussions held with Management revealed that, whereas the Board Chairperson was appointed on 18 May, 2023, and an interim Chief Executive Officer appointed in May, 2024, revenue administration staff were yet to be seconded to the Revenue Authority. This constitutes one (1) year after the appointment of the Revenue Authority Board, casting doubt on the operationalization of the Revenue Authority.

Further, Section 41 of the Nairobi County Revenue Administration Act, 2021 required that within one hundred and twenty days of coming into force of the Act, the County Executive Committee Member was required to wind up the County Revenue Department and transfer all its functions, operations and powers to the Authority. However, the stipulated days lapsed without the Revenue Department winding up.

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

2. Use of Personal Email Address for Official Government Communication

Analysis of the Nairobi Pay System users revealed that the system was configured to use personal email addresses for official communication within the system. The use of personal email address contravenes the directive given by the Head of Public Service and exposes the County Government to data leakage and misuse by disgruntled employees for personal gain. Further, the County Government does not have control over information and data held in the personal emails even in the event the employee exits from the County.

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

3. Revenue Collection Account Registered under Kenya Revenue Authority

According to the Deed of Transfer of functions between the National Government and the Nairobi City County Government, as per Gazette Notice No. 1609 dated 25 February, 2020, the Kenya Revenue Authority (KRA) was appointed as the principal agent for overall revenue collection, which was conducted through the Authority's local bank accounts in accordance with the deed of transfer. The functions were regained back by the Nairobi County on 30 September, 2022 as defined in the deed of transfer. However, review of the County M-Pesa statement and the bank balance certificates from Equity, Cooperative, and National Banks indicated that the bank account names and M-Pesa names still reflected "Kenya Revenue Authority," despite Nairobi County having regained all functions from the National Government.

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

4. Irregularities in the Revenue Collection Systems

4.1 Ownership and Control of the Nairobi Pay System

On enquiry of who owns and controls the revenue management system, the County Management indicated that the system architecture is based on a Software as a Service (SaaS) model provided by Nairobi Pay. Management further explained that in this setup, Nairobi Pay hosts and manages the Nairobi Pay System, including its underlying infrastructure and security, while NCCG accesses and utilizes the system through a VPN connection.

However, the SaaS agreement between Nairobi Pay and Nairobi City County Government to determine the following critical issues were not provided:

- i. The specific terms and conditions of the service, including features, limitations and support obligations.
- ii. The legal rights and obligations of both parties especially in case of disputes or breaches.

- iii. Provisions on how the service provider ensures confidentiality, security measures, handles and protects personal data in ensuring compliance with Data Protection Act, 2019.
- iv. Intellectual property rights to clarify ownership of the intellectual property developed during the service.
- v. Service levels including uptime guarantees, response times and remedies for non-compliance.

In the circumstances, the lack of a clearly defined SaaS agreement exposes the County Government to data security and privacy risks, dispute – resolution ambiguities, inconsistent incident response, service reliability and business continuity risks.

4.2 Hosting Arrangements of the Nairobi Pay System

According to Nairobi City County Management, the development, test, production and disaster recovery environments were hosted by the Ministry of ICT and Digital Economy (MoI&DE). However, there was no contractual agreement between Nairobi City County Government and MoI&DE, to indicate the following critical issues:

- i. The hosting model to understand whether it was a shared infrastructure with other business or dedicated resources offering greater control and security.
- ii. Data encryption protocols and compliance with Data Protection Act, 2019 especially on data transfer.
- iii. Service level agreements on uptime guarantees, incident response and remedies for any breaches.
- iv. Scalability and performance.

In the circumstances, the County Government may be exposed to scalability limitations, unauthorized access to their data and a high likelihood of disruption of critical services.

4.3 Failure to Provide Configurations of all Payment Channels of the Revenue Management Systems at the Nairobi City County

During the three-year period, NCCE operated the following three (3) systems whose payment channels were configured to specific bank accounts;

	Name of System
1	Revenue Sure
2	Nairobi Revenue System
3	Nairobi Pay System

These payment channels included mobile money transfer services, VISA and commercial banks. However, evidence of system configurations of these banks in the systems was

not provided to confirm which specific bank accounts received public funds. Therefore, it was not possible to determine whether the bank accounts were opened and operated as per the Public Finance Management Act, 2012 and Regulations thereto. Given that the contracts with Jambo Pay, Revenue Sure and Nairobi Revenue System have since expired, there was no evidence provided to support closure of all the payment channels.

Further, the County engaged a contractor for developing an Enterprise Resource Planning system (ERP). However, the contract was not provided for audit review. Therefore, the audit could not confirm value for money that would accrue from the ERP system, while the County already had a separate revenue system. This was contrary to Regulation 110(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer for a County Government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. SBP Payment Records Without Payment Reference Number and Date

Nairobi County Government fully automated the end-to-end collection of Single Business Permit (SBP) fees, including the issuance of e-permits. A substantive analysis of the SBP fee records revealed that a total of 95 permits, valued at Kshs.1,277,600 were issued as valid e-permits, however, their transaction records lacked payment reference codes (mobile money/bank codes) and the date of payment. As a result, it was not possible to verify whether the County Government received the corresponding payments before providing the services.

In the circumstances, the effectiveness of the internal controls of single business permit fees collections could not be confirmed.

2. Inaccurate Taxpayers' Data

The County Government of Nairobi's land rates records within the Nairobi Pay System were found to be incomplete, making it challenging to identify and contact delinquent taxpayers.

Further, the outstanding land rates records had the following key information missing:

- i. 129 records totalling Kshs.370,828,658 had missing debtor names.
- ii. 57 records valued at Kshs.365,472,593 had missing parcel numbers.
- iii. 123 records amounting to Kshs.370,588,269 had missing system-generated customer numbers.

Further, there was no evidence to indicate that the records had been validated and updated.

In the circumstances, the effectiveness of the internal controls of the system used to maintain land rates records could not be confirmed.

3. Revenue Classification

A walkthrough of the System revealed that, all bills and receipts were generated by the Nairobi Pay System and all revenue streams were automatically identified by the prefixes attached to the revenue stream. However, analysis of the receipts generated by the system during the period under review, revealed 348,043 transactions totaling Kshs.12,831,369,077 that could not be mapped to specific revenue streams. This indicates system control weaknesses and probability of inaccuracies in revenue classification.

In the circumstances, the effectiveness of the internal controls of the system used in collection of revenue could not be confirmed.

4. Operation with an Outdated ICT Security Policy

The Nairobi City County Government provided an Information and Communication Technology Security Policy for the City Council of Nairobi (March 2009), which was operational during the three (3) financial years. Given that the County operates Nairobi Pay System on a Software as a Service (SaaS) as per the management's explanation, the emerging security requirements of a SaaS model have not been adequately addressed in the outdated policy.

In the circumstances, outdated ICT Security Policy may not be aligned to the operations of the Nairobi Pay System.

5.0 Ineffective Systems of Collection of Rent Arrears

The statement of arrears of revenue reflects uncollected house rent and market stalls arrears amounting to Kshs.723,780,207. Therefore, the County Government incurs an opportunity cost arising from forgone investment opportunities from tying their cash as arrears.

In the circumstances, the effectiveness of the system used in the collection of house and market stalls 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 governance.

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the County Government is aware of an intention to terminate the Receiver of Revenue or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in

relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

*Receiver Of Revenue
County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024*

7. Statement of Receipts and Disbursements for the year ended 30th June 2024

	Note	FY 2023/2024	FY 2022/2023
County Own Source Revenue		Ksh	Ksh
Land Rate	1	3,483,511,667.23	2,866,395,246
Parking Fees	2	1,971,655,352.57	1,861,601,275
Unified Business Permits	3	2,394,575,766.50	1,633,513,224
Physical Planning and Development	4	1,234,773,822.20	963,349,767
Advertising	5	661,616,853.65	593,283,759
Property Rent	6	503,392,052.80	450,419,350
Fire inspection certificate	7	58,338,357.00	254,989,561
Public Health Service Fees – food handlers certificate	8	106,789,406.00	132,717,178
Market Fees	9	214,271,356.30	250,509,468
Miscellaneous receipts – other incomes	10	909,380,942.30	378,701,869
Liquor Board	11	270,747,747.00	238,309,894
Hospital Fees	12	1,154,091,268	937,801,901
Total County Own Source Revenue		12,963,144,591.55	10,561,592,492.00
Other Receipts			
Donations/ Grants Not Received Through CRF		0	0
Total Other Receipts		0	0
Total Receipts		12,963,144,591.55	10,561,592,492.00
Balance b/f at the beginning of the year		105,280,283.00	26,919,997
Disbursements to CRF		11,538,305,576.55	9,279,562,051.00
Bank Charges	13	68,424,242.00	27,558,360
Balance due for disbursement		1,461,695,056	1,281,392,078.00

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 27th September 2024 and signed by:



.....
Tiras Njoroge
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))



.....
Paul Mwangi
Head of Revenue Reporting
ICPAK M/No 7278

County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024

8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	Period as at 30-Jun-24 2024	Audited Prior Year 2023
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	14	28,750,605.24	105,280,283.00
Cash In Hand		0	0
Total Financial Assets		28,750,605.24	105,280,283.00
Financial Liabilities			
Payables-Due to CRF	15	28,750,605.24	105,280,283.00
Total Financial Liabilities		28,750,605.24	105,280,283.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27th September 2024 and signed by:



Tiras Njoroge
County Receiver of Revenue



Paul Mwangi
Head of Revenue Reporting

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2024

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Land Rate	7,030,000,000	0	7,030,000,000	3,483,511,667	3,546,488,333	0.4955
Parking Fees	3,000,000,000	0	3,000,000,000	1,971,655,353	1,028,344,647	0.6572
Unified Business Permits	3,000,000,000	0	3,000,000,000	2,394,575,767	605,424,233	0.7981
Physical Planning and Development	2,050,000,000	0	2,050,000,000	1,234,773,822	815,226,178	0.6024
Advertising	1,200,000,000	0	1,200,000,000	661,616,854	538,383,146	0.5513
Property Rent	600,000,000	0	600,000,000	503,392,053	96,607,947	0.8397
fire inspection certificate	453,000,000	0	453,000,000	58,338,357	394,661,643	0.1288
Public Health Service Fees- food handlers cert	300,000,000	0	300,000,000	106,789,406	193,210,594	0.3559
Market Fees	560,000,000	0	560,000,000	214,271,356	345,728,644	0.3847
Miscellaneous receipts-other incomes	1,797,072,415	0	1,797,072,415	909,380,942	887,691,473	0.5053
Hospital Fees	9,000,000	0	9,000,000	1,154,091,268	-1,063,234,069	119.13
Liquor Fund	250,000	0	250,000	270,747,747	-270,497,747	1,082.95
Total County Own Source Revenue	19,999,322,415	0	19,999,322,415	12,963,144,591.55	7,118,035,022	0.6482
Other Receipts						
Donations /Grants Not	0	0	0	0	0	0

County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024

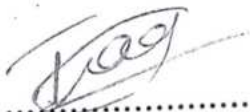
Received Through CRF						
Total Other Receipts	0	0	0	0	0	0
Total Receipts	19,999,322,415	0	19,999,322,415	12,963,144,591.55	7,118,035,022	0.6441

budgetary notes on under realisation below 90%

- (a) Land rates- the under realisation was as a result of petition objecting the new valuation role and land disputes
- (b) Parking- parking as a perishable revenue was affected during the country wide demonstration.
- (c) Unified business permit-underperformance in this area was due to massive undercharges due to self-services (self-billing) introduced.
- (d) Physical planning and development this was as a result delayed approval due to system related challenges
- (e) Advertising- the underperformance in this area was as a result of disruption which saw most of the properties burnt down during demonstrations.
- (f) Property rent-the underperformance was caused by demolition of some properties to pave way for new housing scheme
- (g) Fire inspection certificate-part of this revenue was distributed to UBP affecting fire inspection certificate performance
- (h) Food handlers certificate-under realisation was caused by infiltration by private players who charge 75% less
- (i) Market fees-the under realisation in this area was as a result of disturbance during the demonstration in the last quarter
- (j) Other incomes - the underperformance in these area was as a result of consumer behaviour as a result of inflation caused by hard economic times
- (k) The over realisation in both hospital and liquor licensing was as a result of soft target set by the user departments which are being reviewed

Receiver Of Revenue
County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024

The County Receiver of revenue's financial statements were approved on 27th September 2024 and signed by:



.....
Tiras Njoroge
County Receiver of Revenue



.....
Paul Mwangi
Head of Revenue Reporting
ICPAK M/No 7278

10. Statement of Arrears of Revenue as at 30th June 2024

Classification Of Receipts	Balance as at 1 st July 2023	Arrears reduced due to data cleansing/received during the period	Additions in arrears for the current period to xx(state the period)	Total arrears as at end of June 2024	Measures taken to recover the arrears	Assessment to the recoverability of arrears
SUNDRY DEBTORS	860,063,437	0	0	860,063,437	Data cleansing	on going
RENTALHOUSES/ MARKET STALLS	613,467,533.00	-	110,312,674.00	723,780,207.00	Data cleansing	on going
LAND RATES	1,367,601,363,158	0	138,228,610,666	1,505,829,973,824	Data cleansing	on going
LOADING ZONES-PRIVATE	16,740,000	0	0	16,740,000	Data cleansing	on going
LOADING ZONES-GOK	813,920,000	0	256,390,800	1,070,310,800	Data cleansing	on going
OA& BILLBOARDS	378,782,982	0	14,128,298	392,911,280	Data cleansing	on going
SINGLE BUSINESS PERMITS	396,366,900	0	0	396,366,900	Data cleansing	on going
WAY LEAVES	143,919,190	87,947,060	0	55,972,130	Data cleansing	on going
Total Arrears	1,370,824,623,200	87,947,060	138,609,442,438	1,509,346,118,578	-	-

The County is in the process of digitizing sundry debtors whose closing balances are retained as same until digitization process and data cleansing process ends. SBP and loading zone private also retains the closing balances awaiting writing off

11. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 29th June 2023 for the period 1st July 2023 to 30 June 2024 as required by law. There was *one* number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks.

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2024

12. Notes to the Financial Statements

1. Land rates

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Land rates	3,483,511,667.23	2,866,395,246
Total	3,483,511,667.23	2,866,395,246

2. Parking Fees

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Street parking fees	1,971,655,352.57	1,861,601,275
Total	1,971,655,352.57	1,861,601,275

3. Unified Business Permits

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Annual Business permit fees	2,394,575,766.50	1,633,513,224
Total	2,394,575,766.50	1,633,513,224

4. Physical Planning and Development

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Building plans approval	1,234,773,822.20	963,349,767
Total	1,234,773,822.20	963,349,767

County Government of Nairobi
Revenue Statements for the Period Ended 30th June 2024

Notes to the Financial Statements (continued)

5. Advertising

Descriptions	FY2023/2024	FY2022/2023
	Kshs	Kshs
Billboard advertising	661,616,853.65	593,283,759
Total	661,616,853.65	593,283,759

6. Property Rent

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
County Housing	503,392,052.80	450,419,350
Total	503,392,052.80	450,419,350

7. Fire inspection certificate

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Fire certificates	58,338,357.00	254,989,561
Total	58,338,357.00	254,989,561

8. Food handlers certificate

Applications for medical examination	106,789,406.00	132,717,178
Total	106,789,406	132,717,178

9. Market fee

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
	214,271,356.30	250,509,468
Market entry fees	214,271,356.30	250,509,468
Total		

10. Other incomes

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
	909,380,942.30	378,701,869
Other incomes	909,380,942.30	378,701,869
Total		

11. Liquor license

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
	270,747,747.00	238,309,89
Liquor license	270,747,747.00	238,309,89
Total		

12. Hospitals

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Pumwani	162,076,786	182,726,6
Mbagathi Hospital	401,346,406	299,185,3
Mama Lucy Hospital	540,162,823	439,089,9
Mutuini Hospital	24,319,713	16,799,9
Others	26,185,540	
Total	1,154,091,268	937,801,9

Notes to the Financial Statements (continued)

13. Bank Charges

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Bank Charges & commissions	68,424,242.00	27,558,360
Total	68,424,242.00	27,558,360

14. Bank Balances

Name of Bank, Account No. & currency	FY2023/2024	FY2022/2023
	Kshs	Kshs
CO-OPERATIVE 01141709410000	22,042,109.85	34,104,709.59
CO-OPERATIVE 01141232396600	3,481,353.27	68,268,370.67
EQUITY 1770279910476	1,459,743.72	2,906,946.07
EQUITY 1600284509139	1,767,398.40	Nil
CO-OPERATIVE 01141232396606	0.00	257.15
NATIONAL BANK NBK	0.00	
Total	28,750,605.24	105,280,283.48

14. (a) Balance carried forward as at 30th June 2024 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
FT24184K3N7F	26,410,984	2 July 2024
FT241839C9Q2	1,459,743	01 July 2024
FT24185H27MV	2,149,109	3 july2024
Total	30,019,836	

Notes to the Financial Statements (continued)

15. Payables- Due To CRF

Payables	FY2023/2024	FY2022/2023
	Kshs	Kshs
Balance b/f at the beginning of the year	105,280,283	26,919,997
Amount collected during the year	12,963,144,591.55	10,561,592,492
Amounts disbursed to CRF during the year	11,538,305,577	9,279,562,051
Bank charges	68,424,242.00	27,558,360
Balance c/d at the end of the year	1,461,695,055.55	1,281,392,078.00

Notes to the Financial Statements (continued)

1. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
SUNDRY DEBTORS	77,635	5,602,190	6,996,536	847,387,076	860,063,437
RENTALHOUSES/MARKET STALLS	137,330,164	137,975,058	89,870,573	358,604,412	723,780,207
LAND RATES	5,046,691,038	2,836,789,058	38,073,339,860	1,459,873,136,836	1,505,829,956,792
LOADING ZONES-PRIVATE	-	-	-	16,740,000	16,740,000
LOADING ZONES-GOK	126,775,000	179,080,000	255,640,000	536,800,800	1,098,295,800
OA& BILLBOARDS	118,168,789	98,108,900	101,891,100	74,742,491	392,911,280
SINGLE BUSINESS PERMITS	-	-	-	396,366,900	396,366,900
WAY LEAVES	55,972,130	-	-	-	55,972,130
TOTALS	5,485,014,756	3,257,555,206	38,527,738,069	1,462,103,778,515	1,509,374,086,546

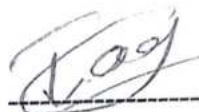
Notes to the Financial Statements (continued)

2. Appendices

Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
1 to 11932	Various as per S/C attachment	December 2023, January 2024, 20 th May to 20 th June 2024	739,360,294	Accumulated penalties and interest beyond principal	Nairobi Tax Waiver Administration Act 2013
Totals Kshs			739,360,294		

The waiver report relates to waiver issued during the year in three different months meant to push clients into clearing rates balances and also to clean records by clearing interest that goes beyond the principal to them that accept to pay during the waiver.

 27/09/24

Sign and date
Accounting Officer

Notes to the Financial Statements (continued)

Appendix 2: Progress on follow up of prior Year Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Understatement of revenue	Data migration and data cleansing	Under consideration of both Senate and Assembly	
2.	Unsupported own source revenue	Analysis provided for OSR	Under consideration of both Senate and Assembly	
3.	Failure to provide ledger	Ledgers uploaded and available	Under consideration of both Senate and Assembly	
4	Unsupported statement of arrears of revenue	Data cleansing exercise on going	Under consideration of both Senate and Assembly	
5	Unsupported bank balances	Bank certificates provided	Under consideration of both Senate and Assembly	
6	Inaccurate statement of financial assets and liabilities	Accounting document Transferring opening balance was provided	Under consideration of both Senate and Assembly	

Notes to the Financial Statements (continued)

7.	Accumulated uncollected revenue	Nairobi county un paid for properties explained as county properties	Under consideration of both Senate and Assembly	
8	Duplicate payment reference numbers	System bug explained	Under consideration of both Senate and Assembly	
9.	Unsupported single permit fees	Sampled items showing payments went through	Under consideration of both Senate and Assembly	
10.	Nairobi pay vendor operating without a valid contract.	System developed by National Government	Under consideration of both Senate and Assembly	
11	Ineffective system of collection of rent arrears	Data migration and data cleansing	Under consideration of both Senate and Assembly	
12.	Duplicate SBP application numbers	Multiple invoices in the portal	Under consideration of both Senate and Assembly	
13	Use of end-of-life EOL server versions	Versions no longer in use upgraded version in place	Under consideration of both Senate and Assembly	

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Tiras Njoroge
County Receiver of Revenue

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Paul Mwangi
Head of Revenue Reporting
ICPAK M/No 7278