

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FOURTH SESSION)

NCCA/TJ/PL/2025(81)

18<sup>TH</sup> NOVEMBER 2025

---

PAPER LAID

SUBJECT: REPORT OF A COMMITTEE

Pursuant to Article 229 (8) of the Constitution of Kenya, 2010 and Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 18<sup>th</sup> November 2025:

- **THE REPORT OF SELECT COMMITTEE ON PUBLIC ACCOUNTS  
ON CONSIDERATION OF THE REPORT OF AUDITOR GENERAL  
ON COUNTY REVENUE FUND-NAIROBI COUNTY  
GOVERNMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023.**

*(The Chairperson, Select Committee on Public Accounts)*

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





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OFFICE OF THE CLERK

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(FOURTH SESSION)



NCCA/TJ/PL/2025(81)

12<sup>TH</sup> NOVEMBER 2025

PAPER LAID

SUBJECT: REPORT OF A COMMITTEE

Pursuant to Article 229 (8) of the Constitution of Kenya, 2010 and Standing Order 196, I beg to lay the following Papers on the Table of this Assembly, today Wednesday 12<sup>th</sup> November 2025:

- THE REPORT OF SELECT COMMITTEE ON PUBLIC ACCOUNTS ON CONSIDERATION OF THE REPORT OF AUDITOR GENERAL ON COUNTY REVENUE FUND-NAIROBI COUNTY GOVERNMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023.

*(The Chairperson, Select Committee on Public Accounts)*

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NCCA/TJ/NTC/2025

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY

(FOURTH SESSION)

18<sup>th</sup> November 2025

---

NOTICE OF MOTION

---

**Subject: Adoption of report of a Committee**

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

- **THAT**, this Assembly adopts **THE REPORT OF SELECT COMMITTEE ON PUBLIC ACCOUNTS ON CONSIDERATION OF THE REPORT OF AUDITOR GENERAL ON COUNTY REVENUE FUND-NAIROBI COUNTY GOVERNMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023** laid on the Table of the Assembly on 18<sup>th</sup> November 2025.

*(Chairperson, Select Committee on Public Accounts)*





NCCA/TJ/NTC/2025

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY  
(FOURTH SESSION)

12<sup>th</sup> November 2025

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NOTICE OF MOTION

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Subject: Adoption of report of a Committee

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

- THAT, this Assembly adopts THE REPORT OF SELECT COMMITTEE ON PUBLIC ACCOUNTS ON CONSIDERATION OF THE REPORT OF AUDITOR GENERAL ON COUNTY REVENUE FUND-NAIROBI COUNTY GOVERNMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023 laid on the Table of the Assembly on 12<sup>th</sup> November 2025.

*(Chairperson, Select Committee on Public Accounts)*







# **Nairobi City County Government**



## **Nairobi City County Assembly**

### **Third Assembly – Fourth Session**

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#### **The Report of the Select Committee on Public Accounts**

#### **On**

#### **Consideration of the Report of the Auditor-General on County Revenue Fund – Nairobi County Government for the year ended 30<sup>th</sup> June 2023.**

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**Clerks Chambers**

**Nairobi City County Assembly**

**City Hall Buildings**

**Nairobi**

**November, 2025**



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## **ABBREVIATIONS**

- |           |   |
|-----------|---|
| 1. AIE    | – Authority to Incur Expenditure                        |
| 2. CECM   | – County Executive Committee Member                     |
| 3. CRF    | – County Revenue Fund                                   |
| 4. IPSAS  | – International Public Sector Accounting Standards      |
| 5. ISSAIs | – International Standards of Supreme Audit Institutions |
| 6. MCA    | – Member of the County Assembly                         |
| 7. OAG    | – Office of the Auditor General                         |
| 8. PAC    | – Public Accounts Committee                             |
| 9. PFM    | – Public Finance Management                             |



## **1.0. PREFACE**

**Hon. Speaker,**

On behalf of the Public Accounts Committee (PAC) and pursuant to the provision of Standing Order 196(6), it is my pleasant privilege and honor to present to this Assembly this report of the Public Accounts Committee on the consideration of the ***“Report of the Auditor General on County Revenue Fund – Nairobi County Government for the Year ended 30<sup>th</sup> June 2023”***.

### **1.1. Mandate of the Public Accounts Committee**

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

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

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

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

### **1.2. Guiding principles**

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

#### **(a) Constitutional Principles on Public Finance**

Article 201 enacts fundamental principles aimed at guiding all aspects of public finance in the Republic. It states that the principles are, *inter alia*, *openness and accountability, including public participation in financial matters; public money shall be used in a prudent and responsible way; and financial management shall be responsible, and fiscal reporting shall be clear*. The Committee places high regard on these principles, among others, and has been guided by them in the entire process that has led to this report.



### **(b) Direct Personal Liability**

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

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

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

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

### **1.3. Obligations of the Accounting Officer**

Article 226(2) of the Constitution of Kenya 2010 provides, inter alia, that: *“the Accounting Officer of a national public entity is accountable to the National Assembly for its financial management, and the Accounting Officer of a county public entity is accountable to the County Assembly for its financial management”*. Subsequently, Section 149(1) of the Public Finance Management (PFM) Act, 2012 provides that: *“An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—*

*(a) lawful and authorized; and*

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

These provisions obligate the Accounting Officer and the administrator of fund to appear before the Public Accounts Committee to respond to audit queries raised by the Auditor General.

### **1.4. Committee Membership**

The Committee comprises of the following Members: -

- |                                      |                    |
|--------------------------------------|--------------------|
| 1. Hon. Chege Mwaura, MCA            | - Chairperson      |
| 2. Hon. Abel Osumba Atito, MCA       | - Vice-Chairperson |
| 3. Hon. Benter Juma Obiero, MCA      |                    |
| 4. Hon. Redson Otieno Onyango, MCA   |                    |
| 5. Hon. John Rex Omolleh, MCA        |                    |
| 6. Hon. Stazo Omung’ala Ang’ila, MCA |                    |
| 7. Hon. Richardo Nyantika Billy, MCA |                    |



8. Hon. John Ndile Musila, MCA
9. Hon. Cyrus Mugo Mubea, MCA
10. Hon. Jane Musangi Muthembwa, MCA
11. Hon. Emmy Khatemeshi Isalambo, MCA
12. Hon. Fuad Hussein Mohamed, MCA
13. Hon. Fatuma Abduwahid Abey, MCA
14. Hon. Eutychus Mukiri Muriuki, MCA
15. Hon. Fredrick Njoroge Njogu, MCA
16. Hon. Rachel Wanjiru Maina, MCA
17. Hon. Aaron Kangara Wangare, MCA
18. Hon. Carrington Gichunji Heho, MCA
19. Hon. Mark Thiga Ruyi, MCA
20. Hon. Simon Maina Mugo, MCA
21. Hon. Paul Wachira Kariuki, MCA
22. Hon. Martin Mbugua Mwangi, MCA
23. Hon. Mary Wanjiru Kariuki, MCA

The Committee comprises of the following Secretariat;

- |                          |                          |
|--------------------------|--------------------------|
| 1. Mr. Kevin Wasike      | - Senior Clerk Assistant |
| 2. Mr. Benedict Ochieng  | - Second Clerk Assistant |
| 3. Mr. Klinsman Munase   | - Legal Counsel          |
| 4. Mr. Anthony Nyandiere | - Hansard Reporter       |

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

### **1.5. Background**

Part IV of the Public Finance Management Act, 2012 provides for responsibilities of the County Government with respect to management and control County finances. The County Government is supposed to adhere to the principles of public finance management stipulated in Article 201 of the Constitution of Kenya 2010 which include clear reporting.

### **1.6. Establishment of the Fund**

The Nairobi City County Revenue Fund is established is under the provisions of Article 207 of the Constitution of Kenya 2010 and Section 109 of the Public Finance Management Act, 2012;



1. *There shall be established a Revenue Fund for each county government, into which shall be paid all money raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament.*
2. *Money may be withdrawn from the Revenue Fund of a county government only--*
  - a) *as a charge against the Revenue Fund that is provided for by an Act of Parliament or by legislation of the county; or*
  - b) *as authorized by an appropriation by legislation of the county.*
3. *Money shall not be withdrawn from a Revenue Fund unless the Controller of Budget has approved the withdrawal.*
4. *An Act of Parliament may--*
  - a) *make further provision for the withdrawal of funds from a county Revenue Fund; and*
  - b) *provide for the establishment of other funds by counties and the management of those funds.*

The County Executive Committee Member for Finance and Economic Planning being the Accounting Officer of the Fund, is the administrator of the fund. Section 167 of the Public Finance Management Act 2012 mandates the administrator of Public Funds with the preparation of Annual Financial Statements.

#### **1.7. Auditor-General's Responsibility**

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

#### **1.8. Evidence taken**

The Committee held sittings of which it interrogated the County Executive Committee Member for Finance and Economic Affairs, Chief Officer Finance and Chief Officer Revenue Administration on



key findings raised by the Auditor General. Similarly, the Committee received written responses to the special audit findings.

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

#### **1.9. Appreciation**

**Hon. Speaker,**

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

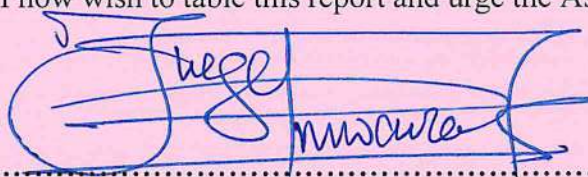
**Hon. Speaker,**

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

**Hon. Speaker,**

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

SIGNED .....



**HON. CHEGE MWAURA (CHAIRPERSON)**

DATE .....

10/11/2025



## **2.0. CONSIDERATION OF THE REPORT OF THE AUDITOR GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

### **2.1. Variances Between the Financial Statements and the Bank Statement**

The statement of receipts and payments reflects a closing fund balance of Kshs. 395,404,941 as disclosed in Note 9 to the financial statements. However, the balance differs with the corresponding bank statement balance of Kshs. 4,172,047,648 resulting to an unreconciled and unexplained variance of Kshs. 3,776,642,707. Further, the statement reflects transfers to County Executive amount of Kshs. 25,010,373,025 as disclosed in Note 6 to the financial statements. This amount includes transfers to recurrent and development bank accounts of Kshs. 20,481,838,377 and Kshs. 3,537,611,860 respectively. However, the amounts differ with the computed receipts in the recurrent and development bank account of Kshs. 20,435,527,857 and Kshs. 3,970,625,540 resulting in unreconciled variances of Kshs. 46,310,520 and Kshs. 433,013,680 respectively.

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

### **Management Response**

The Management response to the audit query on Variances Between the Financial Statements and the Bank Statement was as follows: -

- The variance of Kshs 3,776,642,707 constituted withdrawals from County Revenue Fund after 30<sup>th</sup> June 2023. The National Treasury allows extension of closure of a financial year to enable government entities to settle commitments which may not have been paid by 30<sup>th</sup> June 2023. In the Month of June alone the county treasury received three equitable shares amounting to Kshs 4,908,667,740. The last equitable share was received on 26<sup>th</sup> June 2023. These delayed equitable shares necessitate extension of the financial year.

### **Transfers to Development Account**

The table below shows withdrawals amounting to Kshs 3,776,642,707 from County Revenue Fund made after 30th June 2024

1	3-Jul-23	FT23184TG5JP	Account Transfer	1,796,800
2	3-Jul-23	FT231840H279	Account Transfer	6,364,714
3	3-Jul-23	FT23184T0S7D	Account Transfer	9,000,000
4	3-Jul-23	FT23184YHD91	Account Transfer	31,900,000
5	3-Jul-23	FT23184J3L3M	Account Transfer	121,189,317
11	5-Jul-23	FT23186GXP50	Account Transfer	7,996,800



17	7-Jul-23	FT23188HR43S	Account Transfer	317,471
18	7-Jul-23	FT2318846MNV	Account Transfer	4,329,040
19	7-Jul-23	FT2318886WFZ	Account Transfer	5,684,800
20	7-Jul-23	FT23188FNFS6	Account Transfer	7,870,710
21	7-Jul-23	FT23188XJD8X	Account Transfer	7,973,501
22	7-Jul-23	FT23188GG85Y	Account Transfer	8,603,922
23	7-Jul-23	FT23188GC36M	Account Transfer	10,348,700
24	7-Jul-23	FT2318854VBY	Account Transfer	15,359,760
27	10-Jul-23	FT23191RL9LP	Account Transfer	3,848,877
28	10-Jul-23	FT23191SCYWC	Account Transfer	4,754,400
29	10-Jul-23	FT2319122RYZ	Account Transfer	7,599,775
30	10-Jul-23	FT23191B73NS	Account Transfer	20,555,600
31	10-Jul-23	FT231913CDR6	Account Transfer	23,732,360
32	10-Jul-23	FT231915BVJ8	Account Transfer	125,484,928
33	10-Jul-23	FT23191C2FDQ	Account Transfer	442,756,562
34	10-Jul-23	FT23191PLPWY	Account Transfer	446,117,407
35	10-Jul-23	FT23191XWJSB	Account Transfer	501,411,617
36	10-Jul-23	FT23191PDRGR	Account Transfer	518,208,190
37	10-Jul-23	FT23191JKRPN	Account Transfer	662,204,899
44	12-Jul-23	FT23193ZSKGJ	Account Transfer	592,558,629
48	13-Jul-23	FT23194B495Q	Account Transfer	100,720,443
52	14-Jul-23	FT23195WVSGG	Account Transfer	87,953,485
			<b>Totals</b>	<b>3,776,642,707</b>

Equitable shares received in the month of June 2024

9-Jun-23	FT23160JD19B	Exchequer issue	1,732,470,967.00
20-Jun-23	FT23171LLX14	Exchequer issue	1,636,222,580.00
26-Jun-23	FT23177XKWJF	Exchequer issue	1,539,974,193.00
		<b>Total</b>	<b>4,908,667,740.00</b>

It was practically not possible to spend this amount within the month of June and hence the reason for extension of closure of the financial year.

The computed figure of Kshs. 3,970,625,540 included transfers to development Account for the financial year 2021 - 2022, returned payments and transfers from recurrent account. All these add up to the mentioned variance of Kshs. 433,013,680.95

Value Date	Reference No.	Transaction Details	Cr. Amount	Remarks
4-Jul-22	FT22185NPZTJ	Account Transfer	110,088,934.00	Transfers from CRF relating to FY 2021 - 2022
6-Jul-22	FT22187J36QL	Account Transfer	15,239,416.00	
6-Jul-22	FT22187CCS4R	Account Transfer	20,449,232.00	
8-Jul-22	FT22189K72VN	<b>Returned RTGS Payment</b>	6,411,694.90	



12-Jul-22	FT22193BD96L	Account Transfer	57,944,295.00	Transfers from CRF relating to FY 2021 - 2022
			<b>210,133,571.90</b>	
27-Apr-23	FT23117KW570	TRFS Payments	100,000,000.00	Transfer from Recurrent Account
3-May-23	FT231233XGT8	<b>Returned RTGS Payment</b>	8,047,540.45	
5-Jul-23	FT231864JLH	TRFS Payments	24,569,280.00	Transfer from Recurrent Account
17-Jul-23	FT2319849TDL	<b>Returned RTGS Payment</b>	3,826,242.95	
17-Jul-23	FT231987MNVH	<b>Returned RTGS Payment</b>	86,437,045.65	
			<b>433,013,680.95</b>	

### Transfers to Recurrent Account

— Excluded from the auditor's computed figure of Kshs. 20,435,527,857 are receipts amounting to Kshs 464,857,954 received on 8<sup>th</sup> and 12<sup>th</sup> June 2023 as shown in the table below,

8-Jun-23	FT23159TMXNP	Account Transfer	4,957,954
12-Jun-23	FT23163B6PV2	Account Transfer	1,650,000
12-Jun-23	FT231633N0BW	Account Transfer	100,000,000
12-Jun-23	FT231637TQDG	Account Transfer	358,250,000
			<b>464,857,954</b>

Also included in the computed figure are returned RTGs payments amounting to Kshs 284,305,067 and Kshs 100,173,588 being transfers from development account

<b>Amount as per computed figure by the Auditor</b>	<b>20,435,527,857</b>
<b>Add:</b> Receipts not included in the computation	464,857,954
<b>Less:</b> Returned RTGS payments	(284,305,067)
Amount Credited twice on 14th March and 15th March 2023	(34,068,779)
Transfers to Development Account	(100,173,588)
<b>Amount as reported in the statement of Receipts and Payments</b>	<b>20,481,838,377</b>

Refer to Appendix 1



### **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee observed that the variance of Kshs. 3,776,642,707 and Kshs. 433,013,680 was explained, however, approval for extension from the National Treasury has not been provided.
- That the bank statement highlighting the specific transactions not provided.
- Variance of Kshs.46,310,530 not explained.

### **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The County Executive must submit to the Assembly within 60 days upon adoption of this report, documentary evidence of written approval from the National Treasury permitting extension of the financial year. Without this, all post 30<sup>th</sup> June transactions remain irregular and potentially unauthorized.**
- **The County Treasury should actively engage the National Treasury to ensure timely disbursements and also develop contingency plans to prevent financial activities from spilling into the next fiscal period.**

### **2.2. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis of Kshs.39,613,916,279 and Kshs.29,608,044,156 respectively, resulting in an under-funding of Kshs.9,755,872,123 or 25% of the budget. Similarly, the statement reflects final budget payments and actuals on comparable basis of Kshs.39,613,916,279 and Kshs.30,485,249,863 respectively, resulting in under-absorption of Kshs.9,128,666,416 or 23 % of the budget. The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

Further, the statement reflects a receipts budget realization difference of Kshs.9,755,872,123 while re-casting indicates an amount of Kshs.10,005,872,123 resulting in an unreconciled variance of Kshs.250,000,000.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.



## **Management Response**

The Management response to the audit query on Inaccuracies in the Statement of Comparison of Budget and Actual Amounts was as follows: -

- The underfunding and under absorption were as a result of the county not realizing the entire own source budget where only 53% of total budgeted revenues of Kshs 17,505,011,668 was collected. The County has however come up with various revenue enhancement measures to address the underperformance in own source revenues. Some of these measures include revenue mobilization, granting waivers on land rates' penalties and interests and operationalization of Nairobi City County Revenue Authority.
- The variance of Kshs 250,000,000 in budget realization difference on the receipts side, was a result of deliberate omission of actual liquor fees collected. Liquor fees are not currently swept to County Revenue Fund and inclusion of actuals in the financial statements of CRF would have distorted the actual figures received in this account.

## **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee noted that the revenue targets set is unrealistic;
- Under-funding of Kshs.9,755,872,123 or 25% and under-absorption of Kshs.9,128,666,416 or 23% of the budget might have significant impact on the service delivery by the County Government;
- That the actual revenue was Kshs.29,608,044,156 whereas the actual expenditure was Kshs.30,485,249,863. The source of Kshs. 877,205,707 was not explained by the management;
- The line item for liquor fees as reflected in the statement of comparison of budget and actual amounts should disclose the actual budget amount realized.

## **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The County Treasury should set achievable and realistic revenue targets and budget estimates;**
- **The County Treasury should review and recalibrate revenue projections to ensure they are informed by actual historical data and prevailing economic conditions. This will**



enhance credibility in budgeting and reduce the likelihood of underfunding critical services;

- The Committee urges the County Executive, in line with Section 104(1) of the County Governments Act, 2012 to establish mechanisms that ensure full utilization of allocated funds. Additionally, mid-year budget reviews should be undertaken to reallocate underutilized resources to priority areas;
- The County should strengthen its internal controls to ensure timely and accurate reconciliation of budget and actual amounts. Where variances occur, they must be clearly explained and supported by verifiable documentation. Internal audit functions should also be empowered to conduct regular reviews and flag inconsistencies yearly.

### 2.3. Unsupported Total Receipts

The statement of receipts and payments reflects total receipts of Kshs.29,608,044,156 while the County Revenue Fund bank statement reflects receipts amounting to Kshs.29,642,112,935 resulting to an unreconciled variance of Kshs.34,068,779. Further, note 4 to the financial statements reflects own-source revenue of Kshs.9,299,452,841 while the supporting schedules reflect an amount of Kshs.9,331,046,235 resulting to an unreconciled variance of Kshs.31,593,394.

In circumstances, the accuracy of the total receipts amounting to Kshs.29,608,044,156 could not be confirmed.

### Management Response

The Management response to the audit query on Unsupported Total Receipts was as follows: -

- The variance of Kshs. 34,068,779 was a wrong credit entry done on 14<sup>th</sup> March 2023 which was rectified by Central Bank of Kenya on 15<sup>th</sup> March 2023 as per the bank statement extract below.

14-Mar-23	FT23073BGXF8	Account Transfer	34,068,779.00	0
		TREASURY ORDER DD 14032023		
		COB/NBI/001/155(1) DD 13032023		
14-Mar-23	FT23073BGXF8	Account Transfer	0	34,068,779.00
		TREASURY ORDER DD 14032023		



		COB/NBI/001/155(1) DD 13032023		
15-Mar- 23	FT23074RHPP B	Account Transfer	34,068,779.0 0	0
		TREASURY ORDER DD 14032023		
		COB/NBI/001/155(1) DD 13032023		

The total amount of own source revenues swept to CRF in the year under review amounted to Kshs 9,299,452,841, the mentioned figure of Kshs.9,331,046,235 which was as reported in the Receiver of Revenue Financial Statements included uncleared cheques as of 30<sup>th</sup> June 2024.

#### **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee noted that Bank statements to support the mentioned transactions was not provided for review. Only an extract provided.
- The Committee also observed that the uncleared cheques mentioned were not provided for review.

#### **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The reprimands the Accounting Officer for failure to provide the relevant documentation for audit;**
- **In line with the constitutional requirement for accountability in the use of public resources (Article 229(5) of the Constitution) and pursuant to the provisions of Section 149 of the Public Finance Management Act 2012, the Committee recommends that the Accounting Officer to ensure that all revenue-related transactions, including adjustments and reversals, are properly documented, archived, and made accessible for audit and legislative scrutiny.**

#### **2.4. Unremitted Revenue to the County Revenue Fund**

The statement of receipts and payments reflects own-source revenue amount of Kshs.9,299,452,841 as disclosed in Note 4 to the financial statements. Review of records revealed that this amount excluded Kshs.238,856,549 collected by the Nairobi City County Alcoholic Drinks and Licensing Board. The exclusion is contrary to Regulation 80 of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Board's receipts comprise of revenue that



belong to the County Government and ought to be remitted to the County Revenue Fund (CRF) and disclosed in the financial statements.

In the circumstances, the accuracy and completeness of own-source revenue amount of Kshs.9,299,452,841 could not be confirmed.

### **Management Response**

The Management response to the audit query on Unremitted Revenue to the County Revenue Fund was as follows: -

- That Nairobi City County Alcoholic Drinks and Liquor Board prepares its own financial statements after year end and are audited separately by the office of Auditor General. The liquor board receipts were utilized as Appropriation in Aid (AIA) as per The Nairobi City County Alcoholic Drinks Control and Licensing Act, 2014

### **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee noted that Regulation 80(1)(a) of the Public Finance Management Regulations, 2015 states that all revenue receipts by the County Government are paid into the County Exchequer Account, except revenue receipts reasonably excluded by the Act or any other Act of Parliament or an act of County Assembly.

### **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The Accounting officer to ensure compliance with the PFM Act and Regulations and ensure that all revenues collected including those by the Nairobi City County Alcoholic Drinks and Licensing Board are remitted into the County Revenue Fund (CRF), as required by Regulation 80 of the Public Finance Management (County Governments) Regulations, 2015;**
- **The Accounting Officer through the County Assembly, should urgently initiate the amendment of the Nairobi City County Alcoholic Drinks and Licensing Act, 2014 to align it with the provisions of the Public Finance Management Act, Specifically, the amendment should clearly stipulate the manner of handling and disbursement of funds to prevent illegal spending at source;**



- That the Accounting officer even if specific purpose funds are allowed under law, mechanisms must be developed to ensure full transparency and reporting of the collection, custody, and expenditure of such funds through the County Treasury; and
- That the County Executive officers, particularly those in the Nairobi City County Alcoholic Drinks and Licensing Board, should undergo mandatory training on the PFM Act and Regulations to avoid future violations.

## **2.5. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. 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.

### **Management Response**

The Management response to the audit query on Unresolved Prior Year Matters was as follows: -

- That the county Government in the year 2022/2023 developed a framework for managing audit recommendations. The County government is implementing the policy with aim of solving the Prior Year Matters.

### **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee noted that the County is on the course of developing an implementation policy to solve prior year matters

### **Committee Recommendation(s)**

The Committee Recommends that;

- The County Executive Committee Member (CECM) for Finance should immediately submit a detailed audit implementation matrix to the County Assembly Public Accounts Committee, clearly indicating issues raised, actions taken, current status, responsible officers, and timelines for full resolution;
- The County Internal Audit function should be strengthened by ensuring it operates independently and submits quarterly reports on the status of implementation of audit recommendations to the County Executive Committee Member for Finance;
- The County Executive should institutionalize a regular monitoring mechanism to track the implementation of all audit recommendations and submit bi-annual progress reports to the County Assembly for review; and



- **The County Executive should engage with the Office of the Auditor-General periodically to confirm the closure of audit queries and obtain written validation of issues deemed resolved.**

## **2.6. Incomplete Payment Process**

Review of records revealed that item codes and vote book balances were not indicated on the Fund's payment vouchers as required. Further, the payment vouchers were not authorized by both the person with Authority to Incur Expenditure (AIE) and Accounting Officer.

In the circumstances, the effectiveness of internal controls in processing of payments could not be confirmed.

## **Management Response**

The Management response to the audit query on Incomplete Payment Process was as follows: -

- That Payments/Withdrawals from the County Revenue Fund are processed by submitting requisitions to the Office of Controller of Budget known as FORM A's which are supported by Internet Bank Schedules. These Internet Bank Schedules are the final output of the payment process. Payment vouchers are not therefore used to process payments from County Revenue Fund.

## **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- The Committee noted that the responses were provided for audit review.
- The Committee further noted that the requisitions, Form As and internet banking schedules should have been provided as evidence.

## **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The matter is marked as resolved.**

## **2.7. Incomplete Fixed Assets Register**

Review of records revealed that the Fund has fixed assets in the form of property, plant and equipment. However, the fixed assets register provided for audit did not indicate details of the assets including date of purchase, description of assets including model and serial number, cost, specific



location, asset number, responsible official, class, category of assets and its condition. Further, the assets were not coded or tagged for ease of identification and tracking.

In the circumstances, the effectiveness of controls in fixed assets management could not be confirmed.

### **Management Response**

The Management response to the audit query on Incomplete Fixed Assets Register was as follows: -

- County Revenue Fund does not procure any goods or services. The Fund is used to receive Equitable share, grants and own source revenues which are transferred to either recurrent, development or special purpose accounts for both the county executive and county assembly.
- The County Revenue Fund does not have an asset register.

### **Committee Observation(s)**

The Committee while interrogating the management response made the following observations: -

- **The Committee noted that this matter was marked as addressed**

### **Committee Recommendation(s)**

**The Committee Recommends that;**

- **The matter be marked as resolved.**



### **3.0. SUMMARY OF ALL RECOMMENDATIONS:**

Following the Committee's consideration of the **"The Report of the Select Committee on Public Accounts on the consideration of the Report of the Auditor General on County Revenue Fund for the Year ended 30<sup>th</sup> June 2023"** and having considered responses from the Accounting Officers, the Committee urges the County Assembly to resolve as follows:

#### **3.1. Variances Between the Financial Statement and the Bank Statement The Committee Recommends that;**

- The County Executive must submit to the Assembly within 60 days upon adoption of this report, documentary evidence of written approval from the National Treasury permitting extension of the financial year. Without this, all post 30<sup>th</sup> June transactions remain irregular and potentially unauthorized.
- The County Treasury should actively engage the National Treasury to ensure timely disbursements and also develop contingency plans to prevent financial activities from spilling into the next fiscal period.

#### **3.2. Inaccuracies in the Statement of comparison of Budget and Actual Amounts The Committee Recommends that;**

- The County Treasury should set achievable and realistic revenue targets and budget estimates;
- The County Treasury should review and recalibrate revenue projections to ensure they are informed by actual historical data and prevailing economic conditions. This will enhance credibility in budgeting and reduce the likelihood of underfunding critical services;
- The Committee urges the County Executive, in line with Section 104(1) of the County Governments Act, 2012 to establish mechanisms that ensure full utilization of allocated funds. Additionally, mid-year budget reviews should be undertaken to reallocate underutilized resources to priority areas;
- The County should strengthen its internal controls to ensure timely and accurate reconciliation of budget and actual amounts. Where variances occur, they must be clearly explained and supported by verifiable documentation. Internal audit functions should also be empowered to conduct regular reviews and flag inconsistencies yearly.



### **3.3. Unsupported Total Receipts**

#### **The Committee Recommends that;**

- The reprimands the Accounting Officer for failure to provide the relevant documentation for audit;
- In line with the constitutional requirement for accountability in the use of public resources (Article 229(5) of the Constitution) and pursuant to the provisions of Section 149 of the Public Finance Management Act 2012, the Committee recommends that the Accounting Officer to ensure that all revenue-related transactions, including adjustments and reversals, are properly documented, archived, and made accessible for audit and legislative scrutiny.

### **3.4. Unremitted Revenue to the County Revenue Fund**

#### **The Committee Recommends that;**

- The Accounting officer to ensure compliance with the PFM Act and Regulations and ensure that all revenues collected including those by the Nairobi City County Alcoholic Drinks and Licensing Board are remitted into the County Revenue Fund (CRF), as required by Regulation 80 of the Public Finance Management (County Governments) Regulations, 2015;
- The Accounting Officer through the County Assembly, should urgently initiate the amendment of the Nairobi City County Alcoholic Drinks and Licensing Act, 2014 to align it with the provisions of the Public Finance Management Act, Specifically, the amendment should clearly stipulate the manner of handling and disbursement of funds to prevent illegal spending at source;
- That the Accounting officer even if specific purpose funds are allowed under law, mechanisms must be developed to ensure full transparency and reporting of the collection, custody, and expenditure of such funds through the County Treasury; and
- That the County Executive officers, particularly those in the Nairobi City County Alcoholic Drinks and Licensing Board, should undergo mandatory training on the PFM Act and Regulations to avoid future violations.

### **3.5. Unresolved prior Year Matters**

#### **The Committee Recommends that;**

- The County Executive Committee Member (CECM) for Finance should immediately submit a detailed audit implementation matrix to the County Assembly Public Accounts Committee,



clearly indicating issues raised, actions taken, current status, responsible officers, and timelines for full resolution;

- The County Internal Audit function should be strengthened by ensuring it operates independently and submits quarterly reports on the status of implementation of audit recommendations to the County Executive Committee Member for Finance;
- The County Executive should institutionalize a regular monitoring mechanism to track the implementation of all audit recommendations and submit bi-annual progress reports to the County Assembly for review; and
- The County Executive should engage with the Office of the Auditor-General periodically to confirm the closure of audit queries and obtain written validation of issues deemed resolved.

### **3.6. Incomplete payment process**

**The Committee Recommends that;**

- The matter is marked as resolved.

### **3.7. Incomplete Fixed Assets Register**

**The Committee Recommends that;**

- The matter is marked as resolved.



#### 4.0. ANNEXURES

Annex	Title
Annex 1	Minutes of the Sittings
Annex 2	Written Responses to all audit queries by the Accounting Officer







MINUTES OF THE 54<sup>TH</sup> SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY SELECT COMMITTEE ON COUNTY PUBLIC ACCOUNTS HELD ON FRIDAY, 3<sup>RD</sup> OCTOBER, 2025 AT 9:00 A.M. AT SERENA HOTEL, MOMBASA COUNTY.

MEMBERS PRESENT:

1. Hon. Chege Mwaura, MCA – Chairman
2. Hon. Abel Osumba Atito, MCA – Vice-Chairman
3. Hon. Emmy Khatemeshi Isalambo, MCA
4. Hon. Rachel Wanjiru Maina, MCA
5. Hon. Paul Wachira Kariuki, MCA
6. Hon. Eutyclus Mukiri Muriuki, MCA
7. Hon. Cyrus Mugo Mubea, MCA
8. Hon. Mary Wanjiru Kariuki, MCA
9. Hon. Mark Thiga Ruyi, MCA
10. Hon. Jane Musangi Muthembwa, MCA
11. Hon. Martin Mbugua Mwangi, MCA
12. Hon. Billy Richardo Nyantika, MCA
13. Hon. Carrington Gichunji Heho, MCA
14. Hon. Redson Otieno Onyango, MCA
15. Hon. Fredrick Njoroge Njogu, MCA
16. Hon. Fatuma Abduwahid Abey, MCA
17. Hon. Benter Juma Obiero, MCA
18. Hon. Simon Maina Mugo, MCA
19. Hon. Stazo Elijah Omung'ala Ang'ila, MCA
20. Hon. John Ndile Musila, MCA
21. Hon. Aaron Kangara Wangare, MCA

MEMBERS ABSENT:

1. Hon. Hussein Fuad Mohammed, MCA
2. Hon. John Rex Omolleh, MCA

IN-ATTENDANCE – OAG

1. Mr. Jeff Otieno

SECRETARIAT

1. Mr. Kevin Wasike – Senior Clerk Assistant
2. Mr. Benedict Ouma – Clerk Assistant
3. Mr. Anthony Nyandiere – Hansard Officer

MIN.226/NCCA/PAC/OCTOBER/2025 – PRELIMINARIES

The Chairman called the meeting to order at twenty-three minutes past nine O'clock and said the opening prayers. He then welcomed Members present to the meeting and took them through the agenda which was adopted for consideration as proposed by Hon. Emmy Khatemeshi, MCA and seconded by Hon. Paul Wachira, MCA as follows: -

1. Preliminaries (prayers and adoption of the agenda),



2. Consideration and adoption of the draft Report on the consideration of the Report of the Auditor-General on the County Receiver of Revenue for the year ended 30<sup>th</sup> June, 2023;
3. Consideration and adoption of the draft Report on the consideration of the Report of the Auditor-General on the County Revenue Fund for the year ended 30<sup>th</sup> June, 2023;
4. Consideration and adoption of the draft Report on the consideration of the Report of the Auditor-General on the Liquor Board for the year ended 30<sup>th</sup> June, 2023;
5. Any Other Business, and
6. Adjournment.

MIN.227/NCCA/PAC/OCTOBER/2025 – CONSIDERATION AND ADOPTION OF THE DRAFT REPORT ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE COUNTY RECEIVER OF REVENUE FOR THE YEAR ENDED 30TH JUNE, 2023

The Secretariat tabled and took the Committee through the draft report on the consideration of the Report of the Auditor-General on the County Receiver of Revenue for the year ended 30<sup>th</sup> June, 2023. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Fatuma Abduwahid Abey, MCA and seconded by Hon. Fredrick Njogu, MCA.

MIN.228/NCCA/PAC/OCTOBER/2025 – CONSIDERATION AND ADOPTION OF THE DRAFT REPORT ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE COUNTY REVENUE FUND FOR THE YEAR ENDED 30TH JUNE, 2023

The Secretariat tabled and took the Committee through the draft report on the consideration of the Report of the Auditor-General on the County Revenue Fund for the year ended 30<sup>th</sup> June, 2023. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Emmy Khatemeshi Isalambo, MCA and seconded by Hon. Benter Juma, MCA.

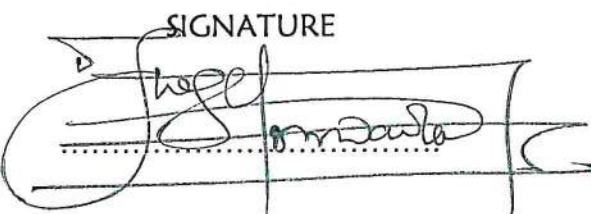
MIN.229/NCCA/PAC/OCTOBER/2025 – CONSIDERATION AND ADOPTION OF THE DRAFT REPORT ON THE CONSIDERATION OF THE REPORT OF THE AUDITOR-GENERAL ON THE LIQUOR BOARD FOR THE YEAR ENDED 30TH JUNE, 2023

The Secretariat tabled and took the Committee through the draft report on the consideration of the Report of the Auditor-General on the Liquor Board for the year ended 30<sup>th</sup> June, 2023. The Committee deliberated on the report and adopted the same for tabling in the Assembly as proposed by Hon. Jane Musangi, MCA and seconded by Hon. Aaron Kangara, MCA.

MIN.230/NCCA/PAC/OCTOBER/2025 – A.o.B & ADJOURNMENT

The being no other business and the time being forty minutes past three O'clock, the Chairman adjourned the meeting. The next meeting was scheduled to be by a way of notice.

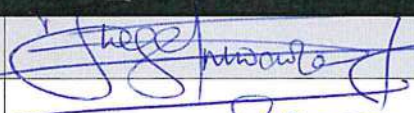



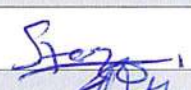

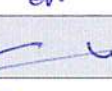
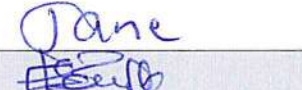
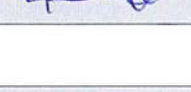


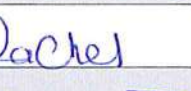
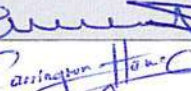


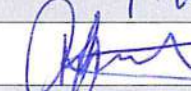
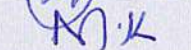



CONFIRMED AS A TRUE RECORD OF THE PROCEEDINGS

SIGNATURE  
CHAIRPERSON 

DATE  
15/10/2025



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

S/N	Honourable Member	Signature
1.	Hon. Chege Mwaura, MCA - Chairperson	
2.	Hon. Abel Osumba Atito, MCA - Vice - Chairperson	
3.	Hon. Benter Juma Obiero, MCA	
4.	Hon. Redson Otieno Onyango, MCA	
5.	Hon. John Rex Omolleh, MCA	
6.	Hon. Stazo Omung'ala Ang'ila, MCA	
7.	Hon. Richardo Nyantika Billy, MCA	
8.	Hon. John Ndile Musila, MCA	
9.	Hon. Cyrus Mugo Mubea, MCA	
10.	Hon. Jane Musangi Muthembwa, MCA	
11.	Hon. Emmy Khatemeshi Isalambo, MCA	
12.	Hon. Fuad Hussein Mohamed, MCA	
13.	Hon. Fatuma Abduwahid Abey, MCA	
14.	Hon. Eutychus Mukiri Muriuki, MCA	
15.	Hon. Fredrick Njoroge Njogu, MCA	
16.	Hon. Rachel Wanjiru Maina, MCA	
17.	Hon. Aaron Kangara Wangare, MCA	
18.	Hon. Carrington Gichunji Heho, MCA	
19.	Hon. Mark Thiga Ruyi, MCA	
20.	Hon. Simon Maina Mugo, MCA	
21.	Hon. Paul Wachira Kariuki, MCA	
22.	Hon. Martin Mbugua Mwangi, MCA	
23.	Hon. Mary Wanjiru Kariuki, MCA	