

GOVERNMENT OF NAIROBI CITY COUNTY



Paper laid by  
Hon chege Xhauru  
18/11/2025  
Dant

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FOURTH SESSION)

NCCA/TJ/PL/2025(75)

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 2024.**

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

Copies to:

The Speaker

The Clerk

Hansard Editor

Hansard Reporters

The Press







GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FOURTH SESSION)



NCCA/TJ/PL/2025(75)

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 2024.**

*(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

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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 2024** laid on the Table of the Assembly on 18<sup>th</sup> November 2025.

*(Chairperson, Select Committee on Public Accounts)*

*Notice Issued  
by Hon. Chege  
Mwangi  
18/11/25  
Burt*







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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*(Chairperson, Select Committee on Public Accounts)*







# **The 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 2024.**

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**Clerks Chambers  
Nairobi City County Assembly  
City Hall Buildings  
Nairobi**

**November, 2025**



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## **ABBREVIATIONS**

- |           |   |
|-----------|---|
| 1. CECM   | – County Executive Committee Member                     |
| 2. CRF    | – County Revenue Fund                                   |
| 3. ICT    | – Information Communication Technology                  |
| 4. IPSAS  | – International Public Sector Accounting Standards      |
| 5. ISSAIs | – International Standards of Supreme Audit Institutions |
| 6. MCA    | – Member of the County Assembly                         |
| 7. NCCRA  | – Nairobi City County Revenue Authority                 |
| 8. OAG    | – Office of the Auditor General                         |
| 9. PAC    | – Public Accounts Committee                             |
| 10. PFM   | – Public Finance Management                             |
| 11. UBP   | – Universal Business Permit                             |



## 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 the 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 2024”***.

### 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 County Executive Committee Member for Finance and Economic Planning who is the Accounting Officer to appear before the Select Committee on Public Accounts to respond to audit queries raised by the Auditor-General.

### **1.4. Committee Membership**

The Committee comprises of the following Members: -

- |  |                           |
|--|---------------------------|
| <b>1. Hon. Chege Mwaura, MCA</b>       | <b>- Chairperson</b>      |
| <b>2. Hon. Abel Osumba Atito, MCA</b>  | <b>- Vice-Chairperson</b> |
| <b>3. Hon. Benter Juma Obiero, MCA</b> |                           |



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 Editor         |

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 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 for Finance and Economic Affairs being the Accounting Officer of the Fund, is the administrator of the Revenue 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 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 consider and 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 – NAIROBI COUNTY GOVERNMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

### **2.1. Unremitted Revenue**

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects own source revenue amount of Kshs. 11,538,305,577. However, review of records provided revealed that the amount excluded Kshs. 270,747,747 collected by the Nairobi City County Alcoholic Drinks and Licensing Board. This is contrary to Regulation 80 of the Public Finance Management (County Governments) Regulations, 2015 which states that the receipts comprise revenue of the County Government and ought to have been 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. 11,538,305,577 could not be confirmed.

#### **Management Responses: -**

The Management response to the audit query on unremitted revenue collected was as follows: -

- Nairobi city County Alcoholic Drinks and Licensing Board is established pursuant to the provision of Nairobi City County Alcoholic Drinks and Licensing Act, 2014. The Act establishes a fund to which all funds appropriated and collected by the board are to be retained. The Provisions of PFM Act section 109 (2) (a) and (b) provide that funds can be excluded from payment into the CRF because of a provision of the PFM Act or another Act of parliament, and is payable into another county public fund established for a specific purpose.

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

While interrogating the Management Response, the Committee made the following observations: -

- The Kshs.270,747,747 was collected and utilized at source; and
- The management has not amended the requisite law to provide clear guidelines on spending at source.

#### **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;
- That the County Executive, 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; and
- That all revenues should be collected at the County Revenue Fund except in cases where there is a clear law that allows the management to spend at source. That based on the recent court ruling on the remittance of Liquor Board fund to the CRF, the County Liquor Board and the County Assembly should consider and approved the proposed amendments to the Nairobi City County Alcoholic Drinks Control and Licensing Act of 2014 within ninety (90) days after the adoption of this report.

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

The statement of comparison of budget and actual amounts reflects a receipts budget realization difference of Kshs. 300,000,000 in respect of Liquor Board. However, the nil actual amount reflected differed with the amount realized by the Board of Kshs. 270,747,747 resulting in an unreconciled variance of Kshs. 29,252,253.



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

### **Management Responses**

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

- The revenues collected by the Liquor board were not remitted to County Revenue Fund, refer to response in query 1 above. The Kshs. 270,747,747 could not therefore be recognized in the financial statements of the County Revenue Fund. The Kshs. 29,252,253 referred to above as unreconciled variance is the difference between budgeted revenues of Kshs 300,000,000 and actual revenues collected of Kshs. 270,747,747. The issue of reconciling the two amounts should not therefore arise.

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

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

- 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 and not nil amount.

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

The Committee recommends the following: -

- That the County Treasury should revise the financial statements to accurately reflect the actual revenue collected by the Liquor Board (Kshs. 270,747,747) under the appropriate line item in the statement of comparison of budget and actual amounts. Reporting a nil figure undermines transparency and financial accountability;
- That the County Treasury should put in place a mechanism to ensure timely and accurate reconciliation of projected and actual revenues. All departments and boards, including the Liquor Board, must submit revenue figures to the County Revenue Fund (CRF) for consolidation in the financial statements;
- That the Liquor Board be compelled to remit all collected revenues directly to the County Revenue Fund as required under the Public Finance Management (PFM) Act. This ensures consistency, accountability, and full visibility of all county revenues;
- That the County Government should enforce policies requiring all semi-autonomous entities (like the Liquor Board) to comply with financial reporting standards. Training sessions should be conducted for accounting officers on accurate reporting and



**compliance with the PFM Act and IPSAS (International Public Sector Accounting Standards);**

- **That the accounting officers or revenue officers responsible for the failure to remit or disclose actual revenues should face disciplinary action in accordance with public service regulations and report to be submitted to Assembly within sixty days (60) after adoption of this report; and**
- **That the County should adopt an integrated financial management system that links departmental collections to the County Treasury in real-time to prevent inconsistencies in revenue reporting.**

### **2.3. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis of Kshs. 42,286,936,833 and Kshs. 32,484,724,455 respectively, resulting to an under-funding of Kshs. 9,802,212,378 or 23% of the budget. Similarly, the statement reflects final budget payments and actuals on comparable basis of Kshs. 42,286,936,833 and Kshs. 31,006,479,217 respectively, resulting in under-absorption of Kshs. 11,280,457,616 or 27 % of the budget.

The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

### **Management Responses**

The Management response for the query on Budgetary Control and Performance was as follows: -

- The County faced several significant challenges that hindered its ability to meet the own source revenue targets set for the financial year 2023/2024. This resulted in underfunding and under absorption of the budget as highlighted above. A combination of systemic inefficiencies, external disruptions, and administrative delays were the primary factors that contributed to the underperformance. Revenue collection system downtimes and street demonstrations in July 2024 affected attainment of own source revenue targets. The county has however come up with the following revenue raising measures;
  - End-to-end Automation of all revenue streams.
  - Full Implementation of Nairobi City County Revenue Authority (NCCRA).
  - Full Rollout of Universal Business Permit (UBP).
  - Devolve revenue collection to all sub-counties.



- Formulate policies on pricing tariffs, waivers, UBP etc
- Have enforcement wing attached to the revenue office for compliance.
- Expanding tax base through issuing and collecting more titles.
- Stakeholder engagement, Civic education and public participation on self-billing and payments.
- Implementation and enforcement of the current finance bill 2023/2024.

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

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

- The revenue targets set may be unrealistic.

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

**The Committee recommends that: -**

- That the County Executive Committee Member (CECM) for Finance should urgently review and align revenue targets to realistic and achievable levels, taking into account historical performance, prevailing economic conditions, and operational capacities;
- That the County Treasury should expedite the full automation of all revenue streams and ensure that the Nairobi City County Revenue Authority (NCCRA) is fully operational, with clear accountability frameworks and performance benchmarks;
- That the County Executive Committee Member (CECM) for Finance should establish a dedicated enforcement unit attached directly to the revenue offices at sub-county levels to enhance compliance and minimize revenue leakages;
- That the County Executive Committee Member (CECM) for Finance should fast-track the formulation and approval of comprehensive policies on revenue matters including pricing tariffs, fee waivers, and the Universal Business Permit (UBP), ensuring that these are regularly reviewed in line with market trends;
- That the County should intensify civic education, stakeholder engagement, and public participation initiatives aimed at improving public understanding of self-assessment and billing systems to boost compliance and broaden the tax base;
- That the County Executive Committee Member (CECM) for Finance to immediately prioritize implementation and strict enforcement of the provisions of the Finance Act 2023/2024 and quarterly progress reports submitted to the County Assembly to monitor compliance and impact;



- That the County should establish a robust monitoring and evaluation framework to track budget absorption and revenue collection performance, with quarterly reports submitted to the Public Accounts Committee for oversight;
- That the County ICT Department should be tasked to ensure minimal system downtimes by upgrading the revenue collection platforms, including instituting backup systems and contingency plans for operational continuity during external disruptions such as demonstrations; and
- That independent periodic audits of own-source revenue collection systems and processes should be conducted, and the audit reports submitted to the Public Accounts Committee for review and further recommendations.

#### **2.4 Unresolved Prior Year Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. Annex I to the financial statement on progress on follow up of prior year Auditor's recommendations indicate that the issues have not been resolved. However, Management has not provided evidence on why the matters remain unresolved.

#### **Management Responses**

The management response on the query on Unresolved Prior Year Matters was as follows: -

- Management has come up with an audit implementation matrix where Auditors recommendations as highlighted in the Management Letter are addressed and implemented.
- Management also relies on Internal Auditors reports to improve on internal control weaknesses and manage risks identified in the reports

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

From the management response, the Committee made the following observations: -

- Implementation matrix of issues resolved not shared.

#### **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 Executive should prioritize addressing unresolved audit issues by developing a time-bound action plan and ensuring that critical weaknesses in financial management and internal controls are corrected within six (6) months;
- 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 Audit Committee and the Public Accounts Committee;
- That the Officers responsible for delays in implementing prior year audit recommendations should be held personally accountable, and appropriate disciplinary action should be taken where negligence is evident;
- 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;
- Training and capacity building programs should be organized for county officers to improve understanding and implementation of risk management frameworks and strengthen internal control systems; and
- The County Executive should engage with the Office of the Auditor-General periodically to confirm the closure of audit queries and to obtain written validation of issues deemed 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 2024"** and having considered responses from the Accounting Officers, the Committee urges the County Assembly to resolve as follows:

#### **3.1.1 Unremitted Revenue**

**The Committee recommends that: -**

- That the County Executive, 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; and
- That all revenues should be collected at the County Revenue Fund except in cases where there is a clear law that allows the management to spend at source. That based on the recent court ruling on the remittance of Liquor Board fund to the CRF, the County Liquor Board and the County Assembly should consider and approved the proposed amendments to the Nairobi City County Alcoholic Drinks Control and Licensing Act of 2014 within ninety (90) days after the adoption of this report.

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

**The Committee recommends the following: -**

- That the County Treasury should revise the financial statements to accurately reflect the actual revenue collected by the Liquor Board (Kshs. 270,747,747) under the appropriate line item in the statement of comparison of budget and actual amounts. Reporting a nil figure undermines transparency and financial accountability;
- That the County Treasury should put in place a mechanism to ensure timely and accurate reconciliation of projected and actual revenues. All departments and boards, including the Liquor Board, must submit revenue figures to the County Revenue Fund (CRF) for consolidation in the financial statements;



- That the Liquor Board be compelled to remit all collected revenues directly to the County Revenue Fund as required under the Public Finance Management (PFM) Act. This ensures consistency, accountability, and full visibility of all county revenues;
- That the County Government should enforce policies requiring all semi-autonomous entities (like the Liquor Board) to comply with financial reporting standards. Training sessions should be conducted for accounting officers on accurate reporting and compliance with the PFM Act and IPSAS (International Public Sector Accounting Standards);
- That the accounting officers or revenue officers responsible for the failure to remit or disclose actual revenues should face disciplinary action in accordance with public service regulations and the report to be submitted to the Assembly within sixty days (60) after adoption of this report; and
- That the County should adopt an integrated financial management system that links departmental collections to the County Treasury in real-time to prevent inconsistencies in revenue reporting.

### **3.1.3 Budgetary Control and Performance**

#### **The Committee recommends that: -**

- That the County Executive Committee Member (CECM) for Finance should urgently review and align revenue targets to realistic and achievable levels, taking into account historical performance, prevailing economic conditions, and operational capacities
- That the County Treasury should expedite the full automation of all revenue streams and ensure that the Nairobi City County Revenue Authority (NCCRA) is fully operational, with clear accountability frameworks and performance benchmarks;
- That the County Executive Committee Member (CECM) for Finance should establish a dedicated enforcement unit attached directly to the revenue offices at sub-county levels to enhance compliance and minimize revenue leakages;
- That the County Executive Committee Member (CECM) for Finance should fast-track the formulation and approval of comprehensive policies on revenue matters including pricing tariffs, fee waivers, and the Universal Business Permit (UBP), ensuring that these are regularly reviewed in line with market trends;



- That the County should intensify civic education, stakeholder engagement, and public participation initiatives aimed at improving public understanding of self-assessment and billing systems to boost compliance and broaden the tax base;
- That the County Executive Committee Member (CECM) for Finance to immediately prioritize implementation and strict enforcement of the Finance Act 2023 and quarterly progress reports submitted to the County Assembly to monitor compliance and impact;
- That the County Treasury should establish a robust monitoring and evaluation framework to track budget absorption and revenue collection performance, with quarterly reports submitted to the County Assembly for consideration;
- That the County ICT Department should be tasked to ensure minimal system downtimes by upgrading the revenue collection platforms, including instituting backup systems and contingency plans for operational continuity during external disruptions such as demonstrations; and
- That independent periodic audits of own-source revenue collection systems and processes should be conducted by a professional firm, and the audit reports submitted to the County Assembly for review and further recommendations.

#### **3.1.4 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 Executive should prioritize addressing unresolved audit issues by developing a time-bound action plan and ensuring that critical weaknesses in financial management and internal controls are corrected within six (6) months;
- 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 Audit Committee and the Public Accounts Committee;
- That the Officers responsible for delays in implementing prior year audit recommendations should be held personally accountable, and appropriate disciplinary action should be taken where negligence is evident;



- 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;
- Training and capacity building programs should be organized for county officers to improve understanding and implementation of risk management frameworks and strengthen internal control systems; and
- The County Executive should engage with the Office of the Auditor-General periodically to confirm the closure of audit queries and to obtain written validation of issues deemed resolved.



## 4.0. ANNEXURES

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