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THE PUBLIC FINANCE MANAGEMENT ACT

(Cap. 412A)

THE PUBLIC FINANCE MANAGEMENT (NAIROBI CITY COUNTY ALCOHOLIC
DRINKS CONTROL AND LICENSING FUND) REGULATIONS, 2025

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THE PUBLIC FINANCE MANAGEMENT ACT

(Cap. 412A)

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, Cap 412A, the County Executive Committee member for Finance and Economic Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING FUND) REGULATIONS, 2025

PART I — PRELIMINARY

Citation

1. These Regulations may be cited as the Public Finance Management (Nairobi City County Alcoholic Drinks Control and Licensing Fund) Regulations, 2025 and shall come into operation on the date of publication.

Interpretation

2. In these Regulations, unless the context otherwise requires—

“Act” means the Public Finance Management Act (Cap. 412A)

“Administrator of the Fund” means a person designated as such under regulation 9(1);

“County” means the Nairobi City County;

“County Assembly” means the Nairobi City County Assembly;

“County Executive Member” means the county executive committee member for the time being responsible for matters relating to Alcoholic Drinks Control and Licensing;

“County Executive Committee Member” means the county executive committee member for the time being responsible for matters relating to finance and economic planning;

“financial year” means the period of twelve months ending on the 30th June each year;

“fund” means the Nairobi City County Alcoholic Drinks Control and Licensing Fund established under Part II of these regulations;

“Rehabilitation facilities” means licensed or accredited centres, institutions or programmes that provide structured assessment, treatment, care and social reintegration services for persons with alcohol use disorders or alcohol-related harms, whether on an inpatient, outpatient, community based or residential basis;

“Rehabilitation programmes” means structured, evidence based interventions and organized activities designed to prevent, treat and reduce the harms of harmful or dependent use of alcohol, and to promote the social reintegration and sustained recovery of persons affected by alcohol use.

Application of the Regulations

3. These Regulations shall apply to Nairobi City County Alcoholic Drinks Control and Licensing Fund.

PART II — ESTABLISHMENT OF THE FUND

Establishment of the Fund

4. There is established a Fund to be known as the Nairobi City County Alcoholic Drinks Control and Licensing Fund.

Object and Purpose of the Fund

5. The object and purpose of the Fund is to —

- (a) promote public awareness and safety by supporting programmes aimed at reducing the harmful effects of excessive consumption of alcoholic drinks;
- (b) facilitate cessation and rehabilitation programmes for persons with alcohol use disorder;
- (c) enhance effective regulation and enforcement of the production, sale, distribution, and consumption of alcoholic drinks within the County;
- (d) facilitate research and institutional capacity building to promote responsible alcohol consumption, eliminate illicit trade, and strengthen the County's systems for control and licensing of alcoholic drinks.
- (e) provide for the administrative and operational expenses necessary for the management and implementation of the relevant programmes.

Sources of funds

6. (1) The Fund shall consist of —

- (a) such monies or assets as may accrue in the course of the exercise of powers or the performance of functions under these Regulations;
- (b) such monies as may be appropriated by the County Assembly;
- (c) such license fees and other fees as may be payable;
- (d) such sums as may be realized from forfeited goods to the County;
- (e) sums received, including contributions, gifts or grants from or by way of testamentary bequest;
- (f) monies earned or arising from any investment of the fund; and
- (g) all other sums which may in any manner become payable to, or vested in the Fund.

(2) There shall be paid out of the Fund any expenses incurred in pursuance of the object and purpose for which the Fund is established.

(3) Any revision of the approved budget estimates shall be in line with the Public Finance Management Act (Cap. 412A).

(4) The Fund shall be utilized for the implementation of the County alcoholic drinks control and licensing mandate.

Retention of receipts and earnings

7. All receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of each financial year shall be retained in the Fund, unless the County Executive Committee member for finance directs otherwise.

Utilization of the Fund

8. The Fund shall be used for meeting the capital and recurrent expenditure relating to—

- (a) promoting public awareness and safety programmes;
- (b) facilitating cessation and rehabilitation programmes for persons with alcohol use disorder;
- (c) enhancing effective regulation and enforcement of the production, sale, distribution, and consumption of alcoholic drinks within the County;
- (d) facilitating research and institutional capacity building to promote responsible alcohol consumption, eliminate illicit trade, and strengthen the County's systems for control and licensing of alcoholic drinks.
- (e) carrying out the administrative and operational functions relating to the management and implementation of the relevant programmes as set out in paragraphs (a), (b), (c) and d above; and
- (f) any other matter incidental to the matters set out in paragraphs (a), (b), (c) (d) and (e).

(2) Notwithstanding the provisions of regulation 8(1) an amount of not more than three percent of the fund shall be allocated for administrative costs.

PART III—ADMINISTRATION OF THE FUND*Administrator of the Fund*

9. (1) The County Executive Committee Member for finance shall designate a person responsible for administering the Fund.

(2) The designated administrator of the fund may, with the approval of the County Executive Member of Finance, invest or place in a deposit account any of the monies for the fund and any interest earned on monies so invested or deposited.

(3) The Fund Administrator appointed under regulation 9(1) above shall –

- (a) supervise and control the administration of the fund;
- (b) prepare accounts for the fund for each financial year;
- (c) not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor General;
- (d) present the financial statements to the County Assembly in accordance with Section 116 (7) of the Public Finance Management Act, (Cap. 412A);
- (e) ensure that the fund is not overdrawn at any particular time;
- (f) utilize the interest accruing thereof, to defray operating expenses of the fund;
- (g) prepare annual budget estimates as per the prescribed law, subject to the annual budget cycle of the county;

- (h) ensure that the accounts for the fund and the annual financial statements relating to those accounts comply with the accounting standards prescribed and published by the Accounting Standards Board from time to time in accordance with Section 116 (8) of the Public Finance Management Act (Cap. 412A); and
 - (i) furnish such additional information as may be required for the purposes of examination and audit by the Auditor-General.
- (4) If any property is assigned to or acquired by the fund, the fund administrator shall deal with the property in accordance with the Public Procurement and asset disposal Act and any other relevant law.

Fund Allocation

10. (1) The allocation of monies from the fund shall be determined by the administrator of the fund in consultation with the County Executive Committee Member for Finance.

(2) Subject to regulation 9(1), funds shall be allocated based on the approved budget.

Signatories to the Fund

11. The County Executive Committee Member for Finance shall appoint the signatories to the fund.

Reporting

12. (1) The County Executive Committee Member in charge of matters related to Alcoholic Drinks Control and Licensing shall submit to the County Executive Committee and the County Assembly, an annual report of its activities including details of expenditure and furnish such additional information as may be deemed sufficient by the Auditor General.

(2) The County Executive Committee Member in charge of matters related to Alcoholic Drinks Control and Licensing shall, through regular publications, inform the public of its activities and operations and ensure that such activities and operations are accessible to the public.

PART IV—WINDING UP OF THE FUND

Circumstances for winding up the Fund

13. The Fund shall be wound up in any of the following circumstances—

- (a) where the lifespan of this Fund lapses;
- (b) where the County Executive Committee Member responsible for Alcoholic drinks control and licensing considers that the Fund has fully and successfully completed the specific objectives for which it was created;
- (c) any other reason as determined by the County Executive Committee Member

Commencement of winding up

14. (1) Where the lifespan of the Fund has lapsed—

- (a) the County Executive Committee Member shall within thirty days from the date of lapse, commence the process of winding up the fund by issuing a written notice to the Administrator of the Fund;

- (b) the notice shall specify the date upon which the winding up is to take place and shall require that the winding up be completed within a period not exceeding six months from the date of issuance of that notice.

(2) Where the County Executive Committee Member responsible for Alcoholic drinks control and licensing considers that the Fund has fully and successfully completed the specific objectives for which it was established—

- (a) the County Executive Committee Member responsible for Alcoholic drinks control and licensing shall within fourteen days of being so satisfied, issue a written communication to the County Executive Committee Member;
- (b) the County Executive Committee Member shall within seven days of receiving the communication submit a written request to the County Executive Committee and the County Assembly seeking approval for the winding up of the Fund, which request shall be accompanied by the written communication from the County Executive Committee Member responsible for alcoholic drinks control and licensing;
- (c) upon receiving approval from both the County Executive Committee and the County Assembly, the County Executive Committee Member shall, within seven days, issue a written notice to the Administrator of the Fund directing the winding up of the Fund;
- (d) the County Executive Committee Member shall attach to the notice the communication from the County Executive Committee Member responsible for Alcoholic Drinks Control and Licensing together with the approvals from the County Executive Committee and the County Assembly and;
- (e) the notice shall specify the date on which the winding up is to take effect and shall require that the winding up process be completed within a period not exceeding six months from the date of issuance of the notice.

(3) Where the County Executive Committee Member has determined that the Fund should be wound up —

- (a) the County Executive Committee Member shall submit a written request to the County Executive Committee and the County Assembly seeking approval for the winding up of the Fund, stating the written justification for winding up the Fund before the expiration of its term;
- (b) upon receiving approval from both the County Assembly and the County Executive Committee, the County Executive Committee Member shall, within seven days, issue a written notice to the Administrator of the Fund directing the winding up of the Fund;
- (c) the County Executive Committee Member shall attach to the notice the approvals from both the County Executive Committee and the County Assembly; and
- (d) the notice shall specify the date on which the winding up is to take effect and shall require that the winding up process be completed within a period not exceeding six months from the date of issuance of the notice.

(4) The County Executive Committee Member may, with approval by the County Executive Committee, issue a further written notice extending the period specified under

sub-regulation (1), (2) and (3) for a single additional period not exceeding three months and shall state the reasons for such extension.

(5) The County Executive Committee Member may, with the approval of the County Executive Committee, transfer the assets of the Fund to such department or departments within the County as the County Executive Committee may determine.

Effect of Notice

15. (1) Upon issuance of Notice under Regulation 14 (1) (a) or 14 (2) (b) —

- (a) all substantive functions, powers, and activities of the Fund shall cease, except to the extent necessary for the winding up of the Fund as per regulation 16; and
- (b) no further expenditure or transaction shall be undertaken in the name of the Fund from the date of lapse, save for expenditure or actions strictly required to facilitate the winding up of the Fund in accordance with regulation 16 (a).

(2) Upon receipt of the Notice, the Administrator of the Fund shall immediately take all necessary steps to secure and preserve the records, assets and property of the Fund.

Duties of the Administrator upon receipt of Notice

16. (1) Upon receipt of the notice to wind up the Fund the Administrator of the Fund shall —

- (a) settle all the pending liabilities of the fund, if any;
- (b) take all reasonable steps to collect receivables due to the fund, and where collection is impractical within the winding-up period, transfer the receivables register and recovery responsibility to the County Treasury;
- (c) transfer assets to a department or departments within the County Executive as may be determined by the County Executive Committee; and
- (d) prepare a winding up report and submit to the County Executive Committee Member.

(2) Where the liabilities of the Fund exceed its assets, the Administrator of the fund shall prepare a statement explaining the position and submit it to the County Executive Committee Member for inclusion in the final winding-up report.

(3) The Administrator of the Fund shall ensure that all duties specified under regulation 16(1) are completed within the period stipulated in the notice issued by the County Executive Committee Member

Contents of a winding up report

17. The winding up report prepared by the Fund Administrator shall contain—

- (a) the Fund's legal mandate and term;
- (b) a summary of activities, outputs, and outcomes during the fund's lifespan;
- (c) details of all obligations settled and all assets disposed of or transferred;
- (d) receivables realized or transferred;
- (e) an account of residual risks, pending matters, and recommendations for follow-up action;

- (f) evidence of transfer of balances to the County Revenue Fund;
- (g) lessons learned and recommendations for the design and management of future county public funds;
- (h) a statement of receipts and payments;
- (i) a statement specifying whether the Fund has a deficit;
- (j) notes to the accounts explaining all material items and transactions; and
- (k) bank reconciliation statements; and
- (l) such other statements as may be necessary for a true and fair view of the fund's closure position.

Submission, closure and transfer of balances

18. (1) The County Executive Committee shall submit the winding up report to the County Executive Committee, the County Assembly and the Auditor-General within thirty days of receipt of the report from the Administrator of the Fund.

(2) The County Executive Committee Member shall close all bank accounts operated by the fund and transfer any outstanding balances to the County Revenue Fund within thirty days of receiving the winding up report.

(3) The County Executive Committee Member shall with the approval of the County Assembly, settle any deficit in the Fund from the County Exchequer Account

Public Notice and Disclosure

19. (1) Upon completion of the winding-up process and receipt of the audit report, the County Executive Committee Member shall cause to be published in the *Kenya Gazette* a notice declaring the fund wound up, which notice shall specify—

- (a) the name of the fund and the legal instrument establishing it;
- (b) the effective closure date;
- (c) confirmation of transfer of any outstanding balances to the County Revenue Fund;
- (d) the location where records of the fund may be inspected; and
- (e) such other particulars that may be necessary.

(2) The County Executive Committee Member shall cause to be published on the county government's official website a summary of the winding-up outcomes, including—

- (a) the fund's achievements during its term;
- (b) financial position at closure;
- (c) disposition of assets; and
- (d) contact information for public inquiries.

PART V — OFFENCES AND PENALTIES

Misappropriation of Funds

20. A person who—

- (a) takes possession of the funds or assets of the Fund without lawful authority;
- (b) misappropriates funds or assets of the Fund;
- (c) causes any person to misappropriate or apply the funds otherwise than in the manner provided in these Regulations;
- (d) conceals information on finances of the Fund to obtain a financial benefit either for themselves or another person;
- (e) fails to implement the approved winding up plan;
- (f) authorizes or undertakes transaction on the fund after the commencement of the winding up process without authorization;
- (g) refuses, delays or neglects to prepare and submit final accounts or reports;
- (h) refuses to transfer any outstanding balance to the County Revenue Fund;
- (i) fails to account for any asset of the fund during the existence of the Fund or during winding up; or
- (j) destroys, conceals, or falsifies records relating to the Fund.

commits an offense and shall be liable on conviction to a term of imprisonment not exceeding ten years or to a fine not exceeding ten million Kenya Shillings; in addition to which the Court may grant any other relevant relief it deems fit.

PART VI —REPEAL, SAVINGS AND TRANSITIONAL PROVISION

Review

21. The County Executive Committee Member in charge of finance may on their own motion or upon recommendation by the County Executive Committee Member in charge of matters relating to Alcoholic Drinks Control and Licensing review these regulations.

Savings and Transitional Provisions

22. Any existing contracts, or other administrative acts made, given, issued or undertaken before the commencement of these Regulations, under any of the Regulations revoked by these Regulations or any other law, shall continue to be in force and shall be construed with alterations, adaptations, qualifications and exceptions where necessary to bring them into conformity with these Regulations.

Made on the 8th December, 2025.

CHARLES KERICH,
County Executive Committee Member for Finance and Economic Planning.

