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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

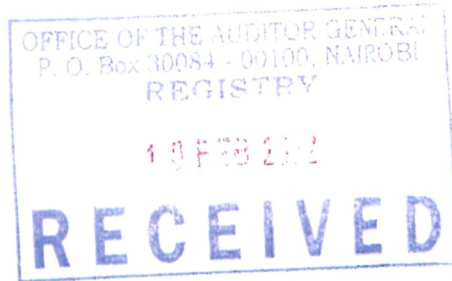
**ON**

**COUNTY ASSEMBLY OF NAIROBI CITY**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

PAPERS LAID	
DATE	19/10/2022.
TABLED BY	SEN. MAJORITY WHIP
COMMITTEE	_____
CLERK AT THE TABLE	A. MACHARIA





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**NAIROBI CITY COUNTY ASSEMBLY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2021**

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

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**NAIROBI CITY COUNTY ASSEMBLY**  
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**For the year ended June 30, 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 123 Members of County Assembly (MCAs) out of which 85 are elected to represent members of the public from their respective wards and 38 are nominated. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

**(b) Key Management**

The *entity's* day-to-day management is under the following key organs:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Speaker of the County Assembly	<b>Hon Benson Mutura</b>
2.	.Clerk of the County Assembly	<b>CPA Edward Gichana</b>
3.	.Clerk of the County Assembly	<b>Adah Onyango</b>
4.	Head of Accounts Department	<b>CPA Sammy Ndana</b>
5.	Head of Finance Department	<b>CPA Fred Macharia</b>
6.	Head of Administration Department	<b>Jennifer Korio</b>
7.	Head of Legal Department	<b>Daisy Kariuki</b>
8.	Head of Internal Audit	<b>CPA Kobia Marimba</b>
9.	Head of ICT Department	<b>Amhed Makhoha</b>
10.	Head of Hansard	<b>Edwin Makhoha</b>
11.	Head of Public Relations	<b>Mike Wao</b>
12.	Head of Security and sergeants	<b>Gideon Ndunda</b>

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

No.	Designation	Name
13.	Head of procurement	Eric Agure
14.	Head of Human resource	Nancy Mutai
15.	Head of clerks assistants	Monicah Muthami
16.	Head of budget office	Eric Otieno

**(c) Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Name of the Officer	Designation	TO
1.	CPA Edward Gichana	Accounting Officer- Clerk	
2.	Adah Onyango	Ag.Clerk	
2.	CPA Paul Kimani	Director Financial service	

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**(d) Fiduciary Oversight Arrangements**

*The following are a high-level description of the key fiduciary committee at Nairobi city county Assembly which conduct oversight and legislation work as listed below; -*

- *Audit committee*
- *Loan and mortgage committee*
- *Public Accounts and Investment committee*
- *Budget and Appropriation committee*
- *Water and sanitation committee*
- *Justice and legal committee*
- *Planning committee*
- *Liaison committee*
- *Appointment committee.*
- *Labour committee*
- *Agriculture committee*
- *Assembly business committee*
- *ICT & Energy Committee*
- *Transport committee*
- *Speakers panel*
- *Environment committee*
- *Trade and tourism committee*
- *Education committee*
- *Delegation committee*
- 

**(e) The Nairobi City County Assembly Headquarters**

P.O. Box 45844-0010  
City Hall Building  
Mama Ngina Street  
Nairobi, KENYA

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**(f) Nairobi City County Assembly Contacts**

Telephone: (+254) 202216151  
E-mail: info@nairobiassembly.go.ke  
Website: www.nairobiassembly.go.ke

**(g) Nairobi City County Assembly Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Co-operative Bank of Kenya Ltd  
City Hall Branch  
P.O Box 44805  
GPO 00100  
Nairobi, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



## 2. FORWARD BY THE CLERK OF THE ASSEMBLY

Put the forward note by the Clerk of the County Assembly.

Include the following among others:

### 2.1 Budget performance

Of the Kshs. 1,855,971,872 Billion budgeted for in 2020/2021, which comprised of Kshs. 1,559,319,467 being recurrent budget, kshs. 50,652,405 being development budget and Kshs. 246,000,000 Being Car Grant of which Kshs. 1,822,585,639 Billion was received and spent representing 98 % budgetary absorption rate.

### 2.2 Operational Performance

The members of the county assembly have debated bills and passed several laws and policies were passed to ensure efficiency of operations at the County Government as well as benefit the population of the County. Some of the assembly committees include;-Public Accounts committee, Public Investment committee, Implementation committee, Legal and justice committee , Environment & Natural Resources committee, Agriculture, Livestock & Fisheries committee, Health Services Committee , Culture & Community Services Committee , Transport & Public Works Committee , Trade Tourism & Co-operatives Committee , Labour & Social Welfare Committee , Children, Early Childhood Education & Vocational Training committee, Justice & Legal Affairs Committee, Water & Sanitation Committee, Planning & Housing Committee, Energy and ICT, County Finance, Budget and Appropriations, Committee on Delegated Legislation, Ward Development Fund Committee, Powers & Privileges, Loans Management committee.

### 2.3 Performance of key development projects

There were no Key Development project(s).

### 2.4 Comment on value-for-money achievements

The members of county assembly of Nairobi were facilitated in performing their duties and we ensure there was efficiency and effectiveness in delivery of services.

The sourcing of services and products were within the budget ceiling, economic market value and we ensured proper planning to cater for any uncertainties.

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**2.5 Challenges and Recommended Way Forward**

We therefore recommend that for greater autonomy, the Assembly's proportional share of Nairobi City County Revenue should be mutually predetermined and deposited directly to County Assembly's Central Bank of Kenya Account as and when the executive receives the Assembly's share of revenues in the County Revenue Fund.

**Sign:**



**Name: Garvin R. Castro**

**Ag. Clerk of the County Assembly**

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY  
 PREDETRMINED OBJECTIVES**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Nairobi is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in FY 2020/2021

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Legislation, oversight and representation	-Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	<b>In FY 2020/2021 MCA passed several bills and even approved budgets</b>
	-Enhanced professional development of MCAs – Review standing orders	Review standing orders	increase efficient in Assembly operation	<b>standing orders were reviewed and resulted to</b>
<b>Program 2</b>	-	-	-	-

#### 4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nairobi city county Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on six pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

##### 1. Sustainability strategy and profile -

The county assembly of Nairobi has a five-year strategic plan and measures have been put in place to ensure they are achieved. Top management and staff are taken for trainings to ensure efficiency in meeting our mission and vision.

##### 2. Environmental performance

There are bills which were passed by Nairobi city county Assembly covering on issuing of environment especially pollution of rivers and this were communicated and to Nema for implementation process.

##### 3. Employee welfare

There are equal employment opportunities for all the applications received in the institutions and during the interview process the activity is conducted in a fair and transparent manner. The staff and members are also taken for training to improve their work skills and staff are given deadlines and performance appraisals conducted. There are policies on occupational safety and health as per the Act of 2007.

**4. Market place practices-**

The organisation should outline its efforts to:

a) Responsible competition practice.

There are fair competition and anticorruption's issues are addressed and awareness made. The staff in the assembly are advised not to take political lines.

b) Responsible Supply chain and supplier relations.

The contract for service providers are awarded contracts on a transparent and open process. The procurement process is followed as the procurement Act 2015. The payments are made at the right time.

c) Responsible marketing and advertisement

There adverts for all tenders and contracts are done on all the newspapers to ensure fair competition.

d) Product stewardship-

There is awareness for all the stakeholders in the Nairobi city county assembly on environment protection and safety.

**5. Community Engagements-**

The assembly allows different students to visit the chambers for the to learn the legislative process. In addition, Nairobi county assembly allows other county assembly to visit and ensure they implement the best policies and structure from Nairobi city county Assembly.

**6. Others**

The assembly facilitates members and staff to attend county assemblies' sports association (Casa) which are conducted on annual basis. The staff attends training which are conducted by professional bodies e.g. ICPAK, IHRM, IA & SOCATT. sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

## 5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2021, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 27/6 2021.



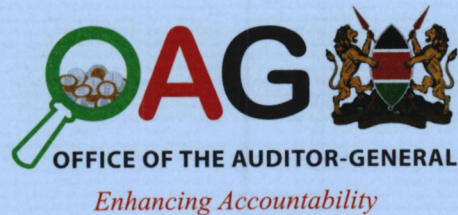
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**Name: Garvin R Castro.**

**Ag. Clerk of the County Assembly**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NAIROBI CITY FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Nairobi City County set out on pages 1 to 37, which comprise the statement of financial assets and liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash



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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of the County Assembly of Nairobi City County as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and do not comply with Public Finance Management Act, 2012.

## **Basis for Adverse Opinion**

### **1. Presentation of the Financial Statements**

The financial statements for the year ended 30 June, 2021 provided for audit review contained Annexure 1 to 7 are blank which do not support the information reflected in the financial statements. Further, Note 8 to the financial statements on progress on follow up on prior year auditor’s recommendations is not populated and does not reflect issues in the report of the Auditor-General for the prior year 2019/2020 and how the same have been resolved.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012.

### **2. Inaccuracies in the Financial Statements**

Review of financial statements for the year ended 30 June, 2021 revealed the following inaccuracies: -

#### **2.1 Statement of Receipts and Payments**

- i) Review of schedules provided in support of financial statement amounts revealed variances with amounts reflected in the Integrated Financial Management Information System (IFMIS) ledger amounts in respect of domestic travel and subsistence as analyzed below and which were not explained or reconciled.

<b>Expenditure Item</b>	<b>Supporting Schedules (Kshs.)</b>	<b>IFMIS Payment Details (Kshs.)</b>	<b>Variance (Kshs.)</b>
Travel Costs	54,669,418	20,543,503	34,125,915
Accommodation	165,601,146	12,289,597	153,311,549

<b>Expenditure Item</b>	<b>Supporting Schedules (Kshs.)</b>	<b>IFMIS Payment Details (Kshs.)</b>	<b>Variance (Kshs.)</b>
Daily Subsistence Allowance (Per Diems)	4,158,281	5,730,232	1,571,951

The variances imply that some payments were made outside the IFMIS system.

Further, included in the expenditure of Kshs.638,095,160 under use of goods and services is an amount of Kshs.226,078,578 in respect of travel and subsistence whereas schedules supporting the expenditure amounted to Kshs.224,428,845 resulting in a variance of Kshs.1,649,733 which was similarly not supported or explained.

- ii) Additionally, review of expenditure schedules provided in support of the expenditure on domestic travel and subsistence revealed duplicated amounts totalling to Kshs.6,616,855 and misclassified expenditure totalling Kshs.10,913,749. Although the adjustments were made to the financial statements to correct the above errors, no supporting journals vouchers were provided for the entries made.
- iii) The statement of receipts and payment reflects nil amount in respect of other payments while the corresponding Note 12 to the financial statements reflects Kshs.2,000 resulting in unexplained variance of Kshs.2,000.
- iv) Review of expenditure on rental of produced assets amounting to Kshs.47,957,263 revealed payments which were made in respect of the Speakers' house rent, ward offices rent and ward standing imprests. However, the ledger provided for audit review reflected a balance of Kshs.45,919,405 resulting to an unexplained variance of Kshs.2,037,858.
- v) As further disclosed in Note 5 to the financial statements, the expenditure on use of goods and services includes an amount of Kshs.19,291,691 incurred on office and general supplies and services. However, the ledger reflects an amount of Kshs.7,354,857 resulting to an unreconciled difference of Kshs.11,936,834.
- vi) Additionally, the expenditure on use of goods and services includes an amount of Kshs.935,800 incurred on purchase of uniform and clothing. However, the expenditure was wrongly charged to office and general supplies and services ledger instead of specialized materials and services.
- vii) Further, review of the ledger revealed that expenditure amounting to Kshs.224,428,847 in respect of domestic travel and subsistence was inclusive of all imprests issued during the year including the surrendered and outstanding ones which are directly expensed. However, expensing of un-surrendered imprests was irregular and amounted to misstatement of expenditure for the year under review.
- viii) Review of records supporting training expenses of Kshs.44,770,076 revealed that the amount was paid by the County Assembly for various training programs as per ledger. However, ledger analysis reflected subscription payments amounting to

Kshs.8,946,080 which were posted to training expenses instead of membership subscription to professional bodies. Further, the entire expenditure on training totalling to Kshs.44,770,076 was not supported by requisite documents such as agreements with the training institutions and facilitators, and invitation letters to the trainings.

- ix) Further, printing, advertising and information supplies and services expenses amounting to Kshs.19,382,835 includes a balance of Kshs.8,685,593 incurred on office and general supplies and services and other operating expenses which was wrongly charged to printing, advertising and information supplies and services, hence overstating the account while understating the respective accounts by similar amount.

## **2.2 Statement of Assets and Liabilities**

- i. The statement of financial assets and liabilities reflects cash and cash equivalents amounting to Kshs.127,519 as at 30 June, 2021. However, the development vote bank account confirmation of balances certificate reflected nil balance while the bank balance reflected in the bank reconciliation statement was Kshs.57,051 resulting in unexplained and unreconciled difference of Kshs.57,051.
- ii. The cash book for an imprest bank account held at Co-operative Bank of Kenya reflects a balance of Kshs.45,000 while the financial statements reflects Kshs.28,652 resulting to an unexplained and unreconciled difference of Kshs.16,348. Further, the certificate of bank balance as at 30 June, 2021 was not provided for audit review.
- iii. The cash book for the salaries bank account held at Co-operative Bank of Kenya reflects nil balance as at 30 June, 2021 while the financial statements reflect Kshs.23,835. The resultant difference of Kshs.23,835 between the cashbook and bank statement balance was not explained or reconciled. In addition, the certificate of bank balance in support of the bank balance as at 30 June, 2021 was not provided for audit review.

## **2.3 Statement of Cash Flows**

- i. The statement of cash flows reflects transfers from the County Treasury/Exchequer releases amounting to Kshs.1,822,587,639 while the statement of receipts and payments reflects Kshs.1,822,585,639 resulting in unexplained variance of Kshs.2,000.
- ii. In addition, the statement additionally reflects accounts payable adjustment balance of Kshs.95,410,144 which was not explained or supported yet the statement of assets and liabilities reflected nil movement in payables during the year under review.

## **2.4 Statement of Comparison of Budget and Actual Amounts**

- i. The statement of comparison of budget and actual amounts - recurrent and development combined is blank and does not reflect any amounts despite there being amounts reflected in individual statements of comparison of budget and actual amounts for recurrent and development. In addition, the actual on comparable basis balances in the individual statements are not in agreement with the aggregate actual amounts in the statement of receipts and payments.
- ii. The individual recurrent and development statements of comparison of budget and actual amounts do not reflect original and final budget amounts while there are no explanations for significant variances between the actual and budgeted amounts as required by the International Public Sector Accounting Standards – Financial reporting under cash basis.
- iii. The financial statements do not include a details of the budget execution by programmes and sub-programmes.

In view of the above, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

## **3. Unsupported Payments on Committee Allowance**

The statement of receipts and payments for the year ended 30 June, 2021 reflects compensation of employees amounting to Kshs.803,724,929 which, as disclosed in Note 4 to the financial statements, includes personal allowances paid as part of salary amounting to Kshs.300,384,394 (2020: Kshs.226,709,669), an increase of Kshs.73,674,725 or 32% which has not been explained. Review of the allowances revealed that an amount of Kshs.90,311,000 which was paid as committee attendance allowances to the Members of County Assembly, MCAs. However, the meetings for which the allowances were paid for had been held virtually since the financial year fell within the COVID-19 pandemic period, and physical meetings could not be held.

Further, no evidence was provided in support of invitations sent for the virtual meetings, date and time when the meetings were held, members who logged into the meetings, how long the meetings lasted, and the resolutions of the meetings. No evidence regarding occurrence of the virtual meetings, the validity of expenditure amounting to Kshs.90,311,000 was provided.

In the circumstances, the accuracy and validity of Kshs.90,311,000 could not be ascertained.

## **4. Unsupported Expenditure on Use of Goods and Services**

The statement of receipts and payments reflects use of goods and services expenditure amounting to Kshs.638,095,160 as further detailed in Note 5 to the financial statements. Review of the expenditure revealed the following anomalies: -

#### **4.1 Communication, Supplies and Services**

The expenditure includes an amount of Kshs.9,687,634 incurred on communication supplies and services out of which payment vouchers for an expenditure amounting to Kshs.9,453,084 were not provided for audit verification.

#### **4.2 Legal Expenses**

The expenditure also includes an amount of Kshs.112,012,667 under other operating expenses amounting to which includes Kshs.79,026,985 in respect of legal expenses paid to various law firms who represented the County Assembly in various legal matters during the year. Review of a summary of cases handled by the private lawyers from the Legal Department revealed that in some of the cases, the Assembly was represented by up to four lawyers in a single matter while in most of the cases there were at least two lawyers handling a single matter. In addition, some of the cases lacked formal instructions to the lawyers to represent the County Assembly casting doubt on their validity.

#### **4.3 Foreign Travel and Subsistence**

Further, the expenditure includes an amount of Kshs.8,110,863 on foreign travel and subsistence. The expenditure relates to imprests issued in respect of a foreign trip to Dubai. However, supporting documents for the expenditure including air tickets and other travel documents evidencing travel to Dubai were not provided for verification. In addition, review of imprest records revealed a total of Kshs.10,884,122 in imprest was issued in respect of the trip, whereas only Kshs.8,110,863 had been surrendered as at 30 June, 2021, leaving Kshs.2,773,259 accounted for.

Consequently, the accuracy and completeness of foreign travel and subsistence expenditure amounting to Kshs.8,110,863 included in the use of goods and services and accounts receivable amounting to Kshs.183,538,625 reflected in the financial statements for the year under review could not be confirmed.

#### **5. Acquisition of Assets – Over-statement of Acquisition of Asset Balance**

The statement of receipts and payments reflects acquisition of assets expenditure amounting to Kshs.43,405,959 which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.15,500,772 incurred on purchase of specialized plant, equipment and machinery. However, a comparison of the ledger and cashbook analysis reflected separately, payments totalling to Kshs.15,487,092 and Kshs.15,237,880 respectively. The difference between the three sets of records was not explained or reconciled.

In the circumstances, the accuracy of expenditure on acquisition of assets amounting to Kshs.15,500,772 during the year under review could not be ascertained.

#### **6. Pending Accounts Payables**

Notes 1 and 2 on other disclosures to the financial statements reflects pending accounts payables and pending staff payables amounting to Kshs.56,766,811 and Kshs.129,856

respectively. According to the Notes, pending accounts payable carried forward from the year 2019/2020 amounting to Kshs.18,401,436 were paid during the year under review, while none of pending staff payables from prior year was settled. However, details of the bills paid and when they were paid was not provided for audit review.

Consequently, the accuracy of the pending accounts payable and pending staff payable of Kshs.567,798,667 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Nairobi City County Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Promotions**

During the year under review, the County Assembly Service Board placed an advert inviting members of the staff to submit applications for consideration. However, only two (2) working days' notice was given for the submission of applications which was too short considering the advert was placed on Thursday 25 June, 2020 and closed on Monday 29 June, 2020. Further, interviews for all the positions were recorded as having been conducted on Saturday 4 and Sunday 5 July, 2020 which was over a weekend and at the height of the Covid-19 pandemic when there were travel restrictions. This may have been restrictive as qualified staff may have been excluded from the process for filling the vacant positions. Further, the County Assembly irregularly promoted four Directors who had not met the minimum qualifications for the jobs advertised without giving justifications for their promotion. This was contrary to Section 37 of Public Service Commission Act, 2017.

Consequently, Management was in breach of the law.

## **2. Irregular Payment of Temporary Wages**

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects compensation of employees amounting to Kshs.803,724,929 which includes basic wages of temporary employees amounting to Kshs.82,755,245. The amount includes an amount of Kshs.66,920,548 paid to employees in Ward offices. However, review of records in respect of the wages revealed that the Ward employees were recruited by the Members of the County Assembly (MCAs) in their respective Wards rather than by the County Assembly Management. The Board minutes approving the hiring of the Ward staff and documents regarding the recruitment of the employees, terms of engagement and signed contracts were not provided for audit.

Further, the Commission on Revenue Allocation (CRA) vide Circular No: CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 capped the maximum number of employees at three per Ward, each earning a minimum of Kshs.30,341. However, examination of records provided for audit revealed that some Ward offices had as many as five employees some earning as low as Kshs.7,500 which is way below the set minimum wage.

In the circumstances, Management was in breach of laws.

## **3. Unauthorized Expenditure**

Examination of forty-nine (49) sampled payment vouchers revealed expenditure amounting to Kshs.258,543,178 paid for goods supplied, services rendered and works executed for the County Assembly revealed that the expenditure was not approved by the authorized Authority to Incur Expenditure (AIE) holders contrary to Regulation 24(1) of Public Finance Management (County Governments) Regulations, 2015.

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

## **4. Committee Sittings**

Review of sampled Delegated Legislation Committee minutes revealed that the County Assembly held nine (9) meetings which did not have any agenda except confirmation of previous meeting minutes. Further, three (3) of the above meetings did not meet the required quorum of one third of the membership hence contravening Standing Order No.170(2), therefore, the sitting allowances paid for these meetings were irregular.

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

## **5. Excessive Number of Participants in an MCAs Retreat**

The domestic travel and subsistence expenditure amounting to Kshs.226,078,634 includes an amount of Kshs.13,285,600 incurred on Members of County Assembly (MCAs) retreat allowances in Mombasa between 1<sup>st</sup> to 5<sup>th</sup> October, 2020. The purpose of the retreat was a refresher training on County Assembly rules and procedures and to review the work of MCAs. Review of memos approving the retreat revealed that an additional thirty-five (35) officers were included in addition to directors, principal officers, and personal aides, accompanying the MCAs. The number was relatively high, and no

justification was provided for the additional personnel who travelled including their roles in the retreat.

Consequently, the validity and value for money of expenditure amounting to Kshs.13,285,600 incurred in respect of the retreat could not be confirmed.

## **6. Failure to Adhere to the Board Appointment Requirement**

During the year under review, appointment of members to the County Public Service Board was made under the First Schedule of the County Assemblies Act, 2017. Review of appointment process revealed the following anomalies;

- i. No advertisement was placed by the Secretary of the Board with the authority of the Secretary to the Board, but instead the vacancies were declared and invitations sought from the Office of the Speaker and Chairperson of the Board, contrary to the mandatory requirement of Paragraph (1) and (2) of the First Schedule to the Act.
- ii. The advertisement for the positions placed on 31 October, 2019, indicated an expiry date of 8 November, 2019 at 5:00pm, thereby giving applicants a notice period of only eight (8) days against the required mandatory fourteen (14) days requirement in Paragraph (2) of the First Schedule to the County Assembly Service Act, 2017.
- iii. The advertisement was placed in one leading local daily newspaper on 31 October, 2019, and was never gazetted contrary to the mandatory requirement of Paragraph (1) of the First Schedule to the County Assembly Service Act, 2017 which requires the notice to be placed in the gazette and at least two daily newspapers with national circulation;
- iv. Appointments of two external members to the County Assembly of Nairobi City County Service Board, had not been published in the Gazette, which is a mandatory requirement of Paragraph (5) of the First Schedule to the Act.
- v. A Board meeting held on 30 January, 2020 to recommend appointment of two external members to Board was attended by only two members which was below the quorum set out in Paragraph 5 of the Second Schedule to the County Assembly Service Act, 2017 which requires a quorum of three (3) members.

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

## **7. Non-Compliance with the Law on Fiscal Responsibility**

The statement of receipts and payments reflects total expenditure of Kshs.803,724,929 on compensation of employees which represents 44% of the total revenue of Kshs.1,822,587,639 received during the year. This was contrary to the provisions of Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which limits the expenditure on wages and benefits to not more than 35% of the total revenue for the year.

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



## **8. Unapproved Travel Refunds and Claims**

Review of travel and subsistence expenditure for the year under review revealed that Management made payments amounting to Kshs.4,731,100 to staff being refunds of expenditure incurred by staff on domestic travel and subsistence allowances instead of issuing imprests. No plausible explanation was provided on why the concerned staff were not issued with imprests before undertaking the assignments and activities, and instead made expenditure claims. Further, there were no approvals for travel prior to the assignments. This is contrary to the provisions of Regulations 91(2) and 93(4) of the Public Finance Management (County Governments) Regulations, 2015, on management of temporary imprest.

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

## **9. Irregular Use of Direct Procurement Method**

As disclosed in Note 5 to the financial statement, the statement of receipts and payments reflects an expenditure amounting to Kshs.638,095,160 on use of goods and services which includes an amount of Kshs.1,280,343 incurred on specialized materials and services. Review of the expenditure revealed that that amount was incurred on personal protective equipment comprising face masks, sanitizers, and hand wash for COVID-19 prevention. The procurement was done through direct procurement method contrary to Section 103(2) of the Public Procurement and Asset Disposal Act, 2015. No explanation was provided for use of direct procurement, as the items were included in procurement plan for the year hence foreseeable. In addition, there were many known suppliers of the items in the market.

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

## **10. Outstanding Imprests**

As disclosed in Note 14 to the financial statements, the statement of assets and liabilities reflects accounts receivables - outstanding imprests amounting to Kshs.183,538,625. However, details of the outstanding imprests such as names of imprest holders, date of issue, dates due, amounts surrendered and outstanding balance as at 30 June, 2021 were not provided for audit review. Further, there were no recoveries made during the year for imprests that were long outstanding contrary to Regulation 93(5) and (6) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, Management was in contravention of the law.

## **11. Irregular Payment to County Assembly Forum**

During the year under review, Management paid an amount of Kshs.7,750,000 towards County Assembly Forum whose registration is not formalized as a public entity which can receive public funds.

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

## **12. Payment of Honoraria Allowance**

As disclosed in Note 5 to the financial statements, Management paid an amount of Kshs.112,012,667 for other operating expenses which includes Kshs.12,826,271 paid as honoraria to staff who were members of various committees. However, the honoraria payments were not approved by the Salaries and Remuneration Commission (SRC) as required in Regulation 119(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

## **13. Non-Remittance of Taxes**

Review of payment vouchers in the cashbook revealed that most suppliers and service providers were paid amounts net of Value Added Taxes (VAT) and withholding taxes as applicable. However, withheld taxes totalling Kshs.5,882,908 had not been remitted to the Kenya Revenue Authority as required by the VAT Act. Non-remittance of the taxes had led to accumulation of unpaid taxes with no cash flows to settle unpaid amounts although the amount had been budgeted for.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Maintain AIE Holders Register**

Examination of payment vouchers related to printing, advertising, and information supplies and services, training expenses and rentals of produced assets revealed that the payment vouchers were authorize by three (3) different officers. However, a register of Authority to Incur Expenditure (AIE) holders and their specimen signatures was not provided for audit review.

In the absence of the register, appointment letters and their specimen signatures, it was not confirmed whether adequate internal control systems were in place to mitigate against risks in expenditure processing.

## **2. Lack of an Updated Assets Register**

Annex 4 to the financial statements reflects a summary of non-current asset register which does not contain any amounts for assets classes but have been left blank. Further, review of a fixed asset register provided for audit review revealed that computers and printers listed in the register had no serial numbers. In addition, the register was last updated in 2018/2019 financial year.

As a result, the existence of an effective internal controls systems to safeguard the County Assembly's assets both at the Headquarters and Ward Offices could not be ascertained.

## **3. Overlapping Committee Retreats**

Four committees comprising the Labour and Social Services, Trade, Tourism and Cooperatives, Member Services and Facilities, and Culture and Community Services, held their quarterly retreat in Mombasa between 19 and 22 October, 2020. Similarly, the Environment and Natural Resources, Health Services, Planning and Housing Committees held their quarterly retreat in Mombasa from 15 to 18 October, 2020. Additionally, the Children, Early Childhood Development (ECD) and Vocational Committee, Justice and Legal Affairs Committee and Delegated Legislation Committee held their quarterly retreat from 23 to 26 October, 2020. A review of the Committee official membership documents and approved memos provided for audit revealed that among the listed committees, there were members who belonged to more than one committee. However, it was not clear how the members were able to attend to different committee businesses at the same time.

Further, the County Assembly did not maintain an imprest register, which made it difficult to confirm how the overlapping committee imprests and sitting allowances to members who belonged to more than one committee.

In circumstance, the internal control system was weak to mitigate against the risk of double payment.

## **3. Un-Approved Training Plan**

Review of training plan for the financial year 2020/2021 provided for audit revealed that training needs identified by user departments and target groups with a budget of Kshs.81,538,916 included details such as course title, names of the participants, training institutions or facilitator, proposed venue, training dates, duration, facilitation fees, conference facilities and transport cost for participants. However, the training plan was not approved by the County Assembly training committee.

Consequently, the training activities implemented during the year were not reviewed for reasonableness.

#### 4. Failure to Adhere to the Approved Staff Establishment

A comparison of the approved staff establishment for the County Assembly against staff in position during the year under review revealed that in some positions, Management had through promotion or new employment engaged more staff than were provided for in the staff establishment as tabulated below.

Job Title	Number of Employees	Number of Employees as Per Staff Establishment	Variance
Sergeant-At-Arms II	9	7	2
Clerk Assistant I (Promoted)	18	8	10
Personal Assistant for Deputy Speaker (Employed)	2	1	1
Personal Assistant - Office of the Leader of the Minority (Employed)	2	1	1
Personal Assistant - Office of the Speaker (Employed)	2	1	1
Messenger - Office of the Speaker (Employed)	2	1	1

No explanation was provided for over staffing beyond the approved budget for the year.

In the circumstances, County Assembly of Nairobi City County risks having a bloated workforce which may lead to increased and unsustainable wage bill.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 June, 2022

NAIROBI CITY COUNTY ASSEMBLY  
 Reports and Financial Statements  
 For the year ended June 30, 2021

7. FINANCIAL STATEMENTS

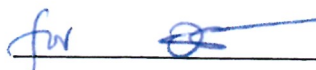
7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>TH</sup>  
 JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	1,822,585,639	1,303,773,480
Proceeds from Sale of Assets	2	-	
Other Receipts	3	2,000	12,000
<b>TOTAL RECEIPTS</b>		<b>1,822,587,639</b>	<b>1,303,785,480</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	803,724,929	623,426,791
Use of goods and services	5	638,095,160	470,626,447
Subsidies	6	-	
Transfers to Other Government Entities	7	246,000,000	
Other grants and transfers	8	-	
Social Security Benefits	9	91,224,370	60,593,089
Acquisition of Assets	10	43,405,959	
Finance Costs	11	9,702	
Other Payments	12	-	-
<b>TOTAL PAYMENTS</b>		<b>1,822,460,120</b>	<b>1,154,646,327</b>
<b>SURPLUS/DEFICIT</b>		<b>127,519</b>	<b>149,139,153</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 07/21 2021 and signed by:



Ag. Clerk of the Assembly  
 Name: Garvin R. Castro



Principal Accountant – County Assembly  
 Name: CPA Sammy Ndana  
 ICPAK Member Number: 11871



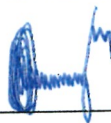
NAIROBI CITY COUNTY ASSEMBLY  
 Reports and Financial Statements  
 For the year ended June 30, 2021

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30<sup>TH</sup> JUNE

2021

		2020-2021	2019-2020
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	127,519	149,139,153
Cash Balances	13B	-	-
<b>Total Cash and cash equivalents</b>		<b>127,519</b>	<b>149,139,153</b>
Accounts receivables	14	183,538,625	128,072,586
<b>TOTAL FINANCIAL ASSETS</b>		<b>183,666,145</b>	<b>277,193,785</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	15	17,954	17,954
<b>NET FINANCIAL ASSETS</b>		<b>183,648,191</b>	<b>277,193,785</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	16	149,139,153	9,074,491
Prior year adjustment	17	34,381,518	118,980,142
Surplus/(Deficit) for the year		127,519	149,149,153
<b>NET FINANCIAL POSITION</b>		<b>183,648,191</b>	<b>277,193,785</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 07/12 2021 and signed by:



Ag. Clerk of the Assembly  
 Name: Garvin R. Castro



Principal Accountant– County Assembly  
 Name: Sammy Ndana  
 ICPAK Member Number: 11871

NAIROBI CITY COUNTY ASSEMBLY  
 Reports and Financial Statements  
 For the year ended June 30, 2021

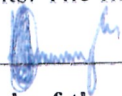
7.3. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KSh
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	1,822,587,639	1,303,773,480
Other Receipts	3	2,000	12,000
Payments for operating expenses			
Compensation of Employees	4	(803,724,929)	(623,426,791)
Use of goods and services	5	(638,095,160)	(470,626,447)
Subsidies	6	-	-
Transfers to Other Government Entities	7	(246,000,000)	-
Other grants and transfers	8	-	-
Social Security Benefits	9	(91,224,370)	(60,593,089)
Finance Costs	11	(9,702)	-
Other Payments	12	-	-
Adjusted for:			
Prior year adjustment	17		(9,074,491)
Increase/(Increase) in Accounts receivable:	18	(53,729,039)	-
Increase/(Decrease) in Accounts Payable:	19	(95,410,144)	-
<b>Net cash flows from operating activities</b>		<b>(105,605,675)</b>	<b>140,064,662</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(43,405,959)	-
<b>Net cash flows from investing activities</b>		<b>(43,405,959)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at BEGINNING of the year	13	149,139,153	9,074,491
Cash and cash equivalent at END of the year	13	127,519	149,139,153

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

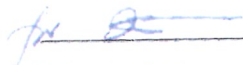
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The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 5/16 2021 and signed by:

  
\_\_\_\_\_

**Ag. Clerk of the Assembly**

**Name: Garvin R. Castro**

  
\_\_\_\_\_

**Principal Accountant – County Assembly**

**Name: Sammy Ndaa**

**ICPAK Member Number,11871**

**7.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT  
 COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	e=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County		-	-	-	-
Treasury/Exchequer Releases					
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
<b>PAYMENTS</b>					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
<b>SURPLUS/ DEFICIT</b>	-	-	-	-	-

*(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder).*

**NAIROBI CITY COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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The entity financial statements were approved on 07/12 2021 and signed by:

  
\_\_\_\_\_

**Ag. Clerk of the Assembly**

**Name: Castro R. Garvin**

  
\_\_\_\_\_

**Principal Accountant– County Assembly**

**Name: Sammy Ndana**

**ICPAK Member Number:11871**

NAKUBI CITY COUNTY ASSEMBLY  
 Reports and Financial Statements  
 For the year ended June 30, 2021

7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget A	Adjustments B	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	-	-	-	1,822,585,639	-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	2,000	-
<b>TOTAL</b>	-	-	-	<b>1,822,587,639</b>	-
<b>PAYMENTS</b>					
Compensation of Employees	892,616,729	-	-	803,724,929	-
Use of goods and services	649,255,359	-	-	638,095,160	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	246,000,000	-	246,000,000	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	31,734,242	-	-	43,405,959	-
Finance Costs	-	-	-	9,702	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	-	-	-	<b>1,822,460,120</b>	-
<b>Surplus/ Deficit</b>	-	-	-	<b>127,519</b>	-

The entity financial statements were approved on 07/12 2021 and signed by:

Ag. Clerk of the Assembly

Principal Accountant- County Assembly

Name: Garvin R Castro

Name: Sammy Ndana- ICPAK Member Number: 11871

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**7.4 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT**

<b>Receipt/Expense Item</b>	<b>Original Budget</b> KShs	<b>Adjustments</b> KShs	<b>Final Budget</b> c=a+b	<b>Actual on Comparable Basis</b> e=d-c	<b>% Utilization difference</b> KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	-	-	-	17,284,143	-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	-	-	-	<b>17,284,143</b>	-
<b>PAYMENTS</b>					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	17,227,092.25	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	-	-	-	<b>17,227,092.25</b>	-
<b>SURPLUS/ DEFICIT</b>	-	-	-	<b>57,050.75</b>	-

**NAIKUBI CITY COUNTY ASSEMBLY  
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The entity financial statements were approved on 07/2 2021 and signed by:



**Ag. Clerk of the Assembly  
Name: Garvin R Castro**



**Principal Accountant – County Assembly  
Name: Sammy Ndana  
ICPAK Member Number:11871**



**NAIROBI CITY COUNTY ASSEMBLY**  
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**7.6. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Programme 1</b>	-	-	-	-	-
Sub-programme 1	-	-	-	-	-
Sub-programme 2	-	-	-	-	-
Sub-programme 3	-	-	-	-	-
<b>Programme 2</b>	-	-	-	-	-
Sub-programme 1	-	-	-	-	-
Sub-programme 2	-	-	-	-	-
Sub-programme 3	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

*(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic. Ensure this document is accurately presented to enable consolidation with other County Entities).*

## 7.7. SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

### 2. Reporting entity

The financial statements are for the xxx County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

### 3. Recognition of receipts and payments

#### a) Recognition of receipts

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I) Transfers from the Exchequer/ County Treasury**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**ii) Other Receipts**

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

**b) Recognition of payments**

The entity recognises all expenses when the event occurs, and the related cash has actually been paid out by the entity.

**I) Compensation of employees**

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

**ii) Use of goods and services**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**iii) Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Third Party Payments**

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

**6. Cash and cash equivalents**

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

**Restriction on cash**

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2021, this amounted to Ksh 17,954 compared to Ksh 17,954

**7. Accounts Receivable**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Accounts Payable**

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

**9. Non-current assets**

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

**10. Pending bills**

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

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 11. Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (I) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans.

### 12. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

### SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **13. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law. The original budget was approved by the County Assembly on 25<sup>th</sup> May 2020 for the period 1<sup>st</sup> July 2020 to 30 June 2021 as required by law. There was two number of supplementary budgets passed in the year. The supplementary budgets were approved on 16/03/2021 and 25/06/2021. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

#### **14. Comparative figures**

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

#### **15. Subsequent events**

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



**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**16. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**17. Related party transactions**

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

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7.8. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2020-2021	2019-2020
	KShs	KShs
Transfers from the County Treasury for Q1	120,723,695	274,767,257
Transfers from the County Treasury for Q2	424,996,339	248,457,596
Transfers from the County Treasury for Q3	486,780,061	413,894,365
Transfers from the County Treasury for Q4	790,085,544	366,654,262
<b>Cumulative Amount</b>	<b>1,822,585,639</b>	<b>1,303,773,480</b>

*(A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in note 1 of this report.)*

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

3. OTHER RECEIPTS

	2020-2021	2019-2020
	KShs	KShs
Tender fees received	2,000	12,000
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
<b>Total</b>	<b>2,000</b>	<b>12,000</b>

*(Provide a detailed explanation of what other receipts relate to, who they were received from and whether they had been budgeted for)*

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NOTES TO THE FINANCIAL STATEMENTS

4. COMPENSATION OF EMPLOYEES

	2020 - 2021	2019 - 2020
	KShs	KShs
Basic salaries of permanent employees	420,585,289	321,352,543
Basic wages of temporary employees	82,755,245	72,399,922
Personal allowances paid as part of salary	300,384,394	226,709,669
Personal allowances paid as reimbursements	-	2,999,0000
Personal allowances provided in kind	-	-
Employer Contribution to compulsory National Social Schemes	-	60,593,087
Employer Contribution to Compulsory National health Insurance Schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments(Exgratia)	-	-
<b>Total</b>	<b>803,724,928</b>	<b>684,054,220</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES

	2020 - 2021	2019 - 2020
	KShs	KShs
Utilities, supplies and services	5,132,004	1,400,000
Communication, supplies and services	9,687,634	3,016,616
Domestic travel and subsistence	226,078,578	138,623,408
Foreign travel and subsistence	8,110,863	97,802,709
Printing, advertising and information supplies & services	19,382,835	4,754,508
Rentals of produced assets	47,957,263	31,642,783
Training expenses	44,770,076	30,209,889
Hospitality supplies and services	10,220,728	11,984,274
Insurance costs	77,814,334	76,694,670
Specialized materials and services	1,280,343	-
Office and general supplies and services	19,291,691	4,646,387
Fuel, oil and lubricants	6,920,260	-
Other operating expenses	112,012,667	65,542,028
Routine maintenance – vehicles and other transport equipment	4,646,703	2,689,229
Routine maintenance – other assets	4,789,180	1,619,945
<b>Total</b>	<b>638,095,160</b>	<b>470,626,446</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Subsidies to County Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
<b>TOTAL</b>	-	-

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	KShs	KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities		
Car Loan & Mortgage Scheme fund	246,000,000	-
Others (insert name of budget agency)	-	-
<b>TOTAL</b>	<b>246,000,000</b>	<b>-</b>

*(The transfer was done to effect the payment of the grant to members of the county assembly through the fund account)*

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER GRANTS AND TRANSFERS

	2020-2021	2019-2020
	KShs	KShs
Scholarships and other educational benefits	-	-
Membership Fees and Dues and Subscriptions to Organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
<b>Total</b>	-	-

*(Provide explanation as to what other grants and payments relate to and who is the beneficiary)*

9. SOCIAL SECURITY BENEFITS

	2020 - 2021	2019 - 2020
	KShs	KShs
Government pension and retirement benefits	-	60,593,087
Social security benefits	91,224,370	-
Employer Social Benefits	-	-
<b>Total</b>	<b>91,224,370</b>	<b>60,593,087</b>

*(The Social Security Benefits Comprises of Government Pension and Retirement benefits which is disbursed interms of Gratuity and social security benefits as analysed above).*

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. ACQUISITION OF ASSETS

<b>Non- Financial Assets</b>	<b>2020 - 2021</b>	<b>2019 -- 2020</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	27,797,400	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	107,787	-
Purchase of Specialized Plant, Equipment and Machinery	15,500,772	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total acquisition of non- financial assets</b>	-	-
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
<b>Total acquisition of financial assets</b>	-	-
<b>Total acquisition of assets</b>	<b>43,405,959</b>	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Bank Charges	9,702	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
<b>Total</b>	<b>9,702</b>	<b>-</b>

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft).

12. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments-Tender Receipts	2,000	12,000
	<b>2,000</b>	<b>12,000</b>

*(The other payments forms part of receipts received from tenders)*



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account Name & currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2020 - 2021	2019 - 2020
			KShs	KShs
Co-op Bank–Imprest Kshs	01141232417500	Imprest Acc	28,651.65	12,489
C.B.K –Development Kshs	1000286587	Development Acc	57,050.75	-
C.B.K,- Recurrent Kshs	1000193538	Recurrent Acc	27.85	149,104,813
C.B.K.- Deposit Kshs	1000286598	CBK Deposits	17,954.00	17,954
Co-op Bank –Salary Kshs	01692232417500	Salary Acc	23,835.00	3,897
<b>Total</b>			<b>127,519.25</b>	<b>149,139,153.00</b>

The amounts itemised under note 13A bank balances form part of reconciled bank balances which is reflected in the bank statements and further cash book bank balances which are also supported by fund statements both Commercial and central bank accounts operated by Nairobi City County Assembly.

13B. CASH IN HAND

	2020 - 2021	2019 - 2020
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
<b>Total</b>	-	-

Cash in hand should be analysed as follows:

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
<b>Total</b>	-	-

*(There was no Cash in Hand reported as at the end of financial year)*

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ACCOUNTS RECEIVABLE

<i>Description</i>	<b>2020 - 2021</b>	<b>2019 - 2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	181,172,625.25	128,072,586
Salary Advance	2,366,000	1,737,000
Clearance accounts	-	-
<b>Total</b>	<b>183,538,625</b>	<b>129,809,586</b>

<i>Breakdown of imprest and salary advance per department</i>	<b>2020 - 2021</b>	<b>2019 - 2020</b>
<i>Imprests</i>	<b>KShs</b>	<b>KShs</b>
Department -	-	-
Department -	-	-
Department -	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<i>Salary advance</i>		
Department -	-	-
Department -	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>-</b>	<b>-</b>

*\*See Annex 5 for a detailed analysis of the outstanding imprests.*

15. ACCOUNTS PAYABLE

<i>Description</i>	<b>2020 - 2021</b>	<b>2019 - 2020</b>
	<b>KShs</b>	<b>KShs</b>
Deposits	17,954	17,954
Retentions	-	-
<b>Total</b>	<b>17,954</b>	<b>17,954</b>

*(NB: Amount under deposits and retentions should tie to cash held in deposit account)*

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Bank accounts	149,139,153.00	9,074,491
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
<b>Total</b>	<b>149,139,153.00</b>	<b>9,074,491</b>

*Provide short appropriate explanations, as necessary. The fund balances brought forward refers to the previous financial year's closing balances]*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f FY 2019/2020 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2019/2020
	Kshs	Kshs	Kshs
Bank account Balances	(149,139,153.00)	-	(9,074,491)
Cash in hand	-	-	-
Accounts Payables	(17,954.00)	-	(17,954)
Receivables	183,538,625	-	128,072,586
Others (specify)	-	-	-
	34,381,518	-	118,980,141

(prior period adjustment applies to the correction of an error in the financial statements of a prior period. This includes omission, changes in estimates or accounting policy.)

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18. CHANGES IN RECEIVABLE

Description	2020-2021	2019-2020
	KShs	KShs
Opening Account Receivables as at 1 <sup>st</sup> July 2020	129,809,586	166,347,527.25
Closing Account Receivables as at 30 <sup>th</sup> June 2021	183,538,625	128,072,586
Change in Account Receivables	53,729,039	(38,274,941)

19. CHANGES IN ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Accounts Payables as at 1 <sup>st</sup> July 2020	149,139,153	149,139,153
Closing Accounts payables as at 30 <sup>th</sup> June 2021	53,729,039	-
Change in Accounts payables	95,410,114	149,139,153

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**OTHER DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>Balance b/f FY 2019/2020</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	1,291,651.71	8,131,259.70	1,291,651.71	8,131,259.70
Supply of services	17,109,784.00	48,635,551.00	17,109,784.00	48,635,551.00
<b>Total</b>	<b>18,401,436.09</b>	<b>56,766,811.25</b>	<b>18,401,436.09</b>	<b>56,766,811.25</b>

**2. PENDING STAFF PAYABLES (See Annex 2)**

	<b>Balance b/f FY 2019/2020</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	15,600.00	-	15,600.00
3 <sup>rd</sup> Parties-Retention fees	17,954.80	-	-	17,954.80
Others( Co-oper Bank)	-	96,301.00	-	96,301.00
<b>Total</b>	<b>17,954.80</b>	<b>111,901.00</b>	<b>-</b>	<b>129,855.80</b>

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3. OTHER PENDING PAYABLES (See Annex 3)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
<b>Total</b>	-	-	-	-

*(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)*

4. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	-	-

*a) External assistance relating loans and grants*

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

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*b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
<b>Total</b>		-	-

*c) Classes of providers of external assistance*

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

*(Provide details for external assistance e, g. Economic development or welfare objective, Emergency relief, Trading activities etc.) (Non)*

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*d. Non-monetary external assistance*

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc.*

*N/B: Disclose the basis on which the value of goods and services were determined (This may be by: depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.*

*e. Purpose and use of external assistance.*

<b>PAYMENTS MADE BY THIRD PARTIES</b>	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	246,000,000	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	<b>246,000,000</b>	-

*N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.*



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*f. External Assistance paid by Third Parties on behalf of the Entity by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity*

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

**5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY ASSEMBLY**

*This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.*

*Classification by Source*

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

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*Classification of payments made by Third Parties by Nature of expenses*

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Other Payments	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**6. RELATED PARTY DISCLOSURES**

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

The following comprise of related parties to the County Assembly:

- i) Members of County Assembly.
- ii) Key management personnel that include the Clerk of the Assembly and heads of departments.
- iii) The County Executive.
- iv) County Ministries and Departments.
- v) Other County Government entities including corporations, funds and boards.
- vi) The National Government.
- vii) Other County Governments; and
- viii) State Corporations and Semi-Autonomous Government Agencies.

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Related party transactions:

	2020- 2021	20xx- 20xx
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	-	-
Key Management Compensation (Clerk and Heads of departments)	-	-
<b>Total Compensation to Key Management</b>	-	-
<b><u>Transfers to related parties</u></b>		
Transfers to other County Government Entities such as car and mortgage schemes	246,000,000	-
Transfers to County Corporations	-	-
Transfers to non reporting entities e.g ECD centres, welfare centres etc	-	-
<b>Total Transfers to related parties</b>	<b>246,000,000</b>	-
<b><u>Transfers from related parties</u></b>		
Transfers from the County Executive- Exchequer	-	-
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
<b>Total Transfers from related parties</b>	-	-

7. Contingent Liabilities

<b>Contingent liabilities</b>	2020-2021	2019-2020
	Kshs	Kshs
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
<b>Total</b>	-	-

(Give details- Update ANNEX 6 Contingent liabilities register)

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**8. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

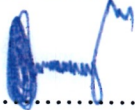
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Ag. Clerk of the County Assembly

Sign.....

Date.....07/02/2022

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**ANNEXES**

**ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	c	d=a+b-c	
<b>Construction of buildings</b>							
1.							
2.							
3.							
Sub-Total							
<b>Construction of civil works</b>							
4.							
5.							
6.							
Sub-Total							
<b>Supply of goods</b>							
7.							
8.							
9.							
Sub-Total							
<b>Supply of services</b>							
10.							
11.							
12.							
Sub-Total							

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<b>Supplier of Goods or Services</b>	<b>Date Contracted</b>	<b>Original Amount</b>	<b>balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>	<b>Comments</b>
<b>Grand Total</b>							

**Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments**

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**ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES**

<b>Name of Staff</b>	<b>Job Group</b>	<b>Date Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2020/2021</b>	<b>Outstanding Balance 2019/2020</b>	<b>Comments</b>
			a	b	c=a-b		
<b>Senior Management</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
10.							
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						

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**ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Date Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2020/2021</b>	<b>Outstanding Balance 2019/2020</b>	<b>Comments</b>
			a	b	c=a-b		
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							



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**ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2019/20</b>	<b>Additions during the year (KShs)</b>	<b>Disposals during the year (KShs)</b>	<b>Transfers in/(out)</b>	<b>Historical Cost c/f (KShs) 2020/2021</b>
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
<b>Total</b>					

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly.  
Additions during the year should tie to note 10 on acquisition of assets during the year. Ensure a complete fixed asset register is  
separately prepared in line with guidelines from The National Treasury.*

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**ANNEX 5 – ANALYSIS OF ACCOUNTS RECEIVABLES**

*(a) Government Imprest*

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<b>Total</b>				-

*(b) Salary Advance*

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Recovered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<b>Total</b>		-	-	-

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**ANNEX 6: CONTINGENT LIABILITIES REGISTER**

	<b>Nature of contingent liability</b>	<b>Payable to</b>	<b>Currency</b>	<b>Estimated Amount Kshs</b>	<b>Expected date of payment</b>	<b>Remarks</b>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

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**ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT**

*(Attached are reconciliation reports)*