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REPORT

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OF

THE AUDITOR-GENERAL

ON

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RECEIVER OF REVENUE  
REVENUE STATEMENTS

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NAIROBI CITY



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**RECEIVER OF REVENUE**  
**COUNTY GOVERNMENT OF NAIROBI**

**REVENUE STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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**Transitional IPSAS Statements/Prepared in accordance with Accrual Basis of Accounting  
Method under the International Public Sector Accounting Standards (IPSAS)**

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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## **1. ACRONYMS AND DEFINITION OF KEY TERMS**

### *a) Acronyms*

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

### *b) Key terms*

Comparative FY      Comparative Prior Financial Year

Fiduciary Management The key management personnel who had financial responsibility.

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

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

### **(b) Principal activities**

The receiver of revenue is responsible for collecting and managing public funds. Maintaining accurate records of revenue receipts and disbursements, and preparing financial reports.

### **(c) Key Management Team**

(d) The County Government of Nairobi day-to-day management of revenue is under the following team led by County Executive Committee Member(CECM) for Finance who is assisted by Chief Officers revenue who heads the sector with the Department of revenue headed by Director.

- County Executive Committee Member for Finance – Charles Kerich
- Chief Officer, Revenue - Tiras Njoroge
- Director, Revenue – Dr. John Ntoiti
- Assistant Director of Revenue Reporting – CPA Paul Mwangi

**Key Entity information and Management (continued)**

**(e) County Executive Headquarters**

P.O. Box 30037 - 00100  
City Hall Building  
**Nairobi, KENYA.**

**(f) County Executive Contacts**

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E-mail: [info@nairobi.go.ke](mailto:info@nairobi.go.ke)  
Website: [www.nairobi.go.ke](http://www.nairobi.go.ke)

**(g) Independent Auditor**

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

**(h) Principal Legal Advisor**

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

**(i) Bankers**

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

iii). Credit Bank  
P.O Box 61064  
Waiyaki Way  
Nairobi  
Kenya

(ii) Equity Bank

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

### **3. FOREWORD BY THE CECM FINANCE AND ECONOMIC PLANNING**

The Receiver of Revenue Statements have been prepared pursuant to Sections 163, 164, and 165 of the Public Finance Management Act (PFMA), 2012, and in accordance with the accrual basis of accounting, as per the International Public Sector Accounting Standards (IPSAS) and guidelines issued by the Public Sector Accounting Standards Board (PSASB). This approach ensures that financial transactions are recorded in the period to which they relate, providing a more accurate and comprehensive view of the County's financial position and performance.

These financial statements are for the 12 months' period ended 30th June, 2025. Beyond fulfilling legal and regulatory requirements, the preparation of these statements provides the County with a valuable opportunity for self-evaluation and continuous improvement in the prudent management of public finances and resources.

The global economy continues to operate below trend, with real GDP growth in both 2024 and 2025 failing to return to pre-pandemic norms (~3.8 %). While the IMF projects relatively steady growth (3.2 %), other major institutions anticipate further slowdown, largely due to rising trade tensions and protectionist policies, policy uncertainty affecting investment, lingering tight monetary conditions and fiscal retrenchment, structural productivity constraints and subdued post-pandemic recovery dynamics.

Nairobi, as Kenya's capital and largest city, plays a pivotal role in the country's economy. Its economic outlook in 2025 is largely intertwined with the national economic trends and remains positive, with continued growth and development prospects. However, addressing key challenges such as traffic congestion, urban sprawl and demand for housing would be crucial in ensuring long-term economic prosperity, and would create opportunities that will enhance revenue both in the National Government and County Government. Addressing the chronic traffic congestion in Nairobi remains a significant challenge, but ongoing infrastructure projects aim to alleviate this issue. Managing urban sprawl and ensuring sustainable development are important considerations for Nairobi's future. The demand for affordable housing in Nairobi continues to outpace supply, which presents both challenges and opportunities for developers lastly Nairobi has the potential to become a regional hub for innovation and technology, attracting investments and talent.

In FY 2024/2025, the County collected a cumulative total of Kshs. 13.6 billion in OSR, against a target of Kshs. 20.06 billion. This represents a revenue performance of 68% of the target. The collection marked an improvement of Kshs. 0.8 billion from the previous year's performance of Kshs.12.8 billion. Among the top revenue streams was Land rates as the best performing with a total collection of Kshs 3.5B which was 26% of the total collection followed closely by unified business permit(UBP) that had a total collection of Kshs 2.75b which was 20% of total performance. The third revenue stream was Parking with a collection of Kshs 2B which accounted for 14.6% of the total revenue achieved. Other revenue streams are Physical Planning and Development with a collection of Kshs 1.5B that is 11% of total performance, Hospital fees (10%) and House and Stall rent (6%) among others.

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

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

Additionally, the joint effort on house rent enforcement helped achieved a 100% collection on house rent revenue and strengthening of the Unified Business Permit (UBP) contributed significantly to the revenue boost. The UBP merged various revenue licenses, simplifying the process for businesses and reducing the customer journey, which encouraged compliance and quicker payments.

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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Despite the notable progress, the County faced several challenges that hindered its ability to meet the full revenue target led by System-Related challenges that saw frequent disruptions in the collection system which affected revenue collection efficiency. The year had a few national demonstrations, which saw destruction and looting of businesses mostly within Nairobi CBD and disrupted business operations that limited revenue collection from key streams such as parking fees and market fees. This also affected business community ability to pay on time.

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



.....  
**Charles Kerich**  
**CECM Finance and Economic Planning**  
**Nairobi City County**

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS

##### a) Budget execution and historical performance and outlook

Every financial year, the County Government of Nairobi sets targets in all revenue streams. This helps in realising the County's objectives and is also used as a key performance indicator. In determining the targets, the county uses past performance and market trends for unstructured revenues and database information for structured revenues.

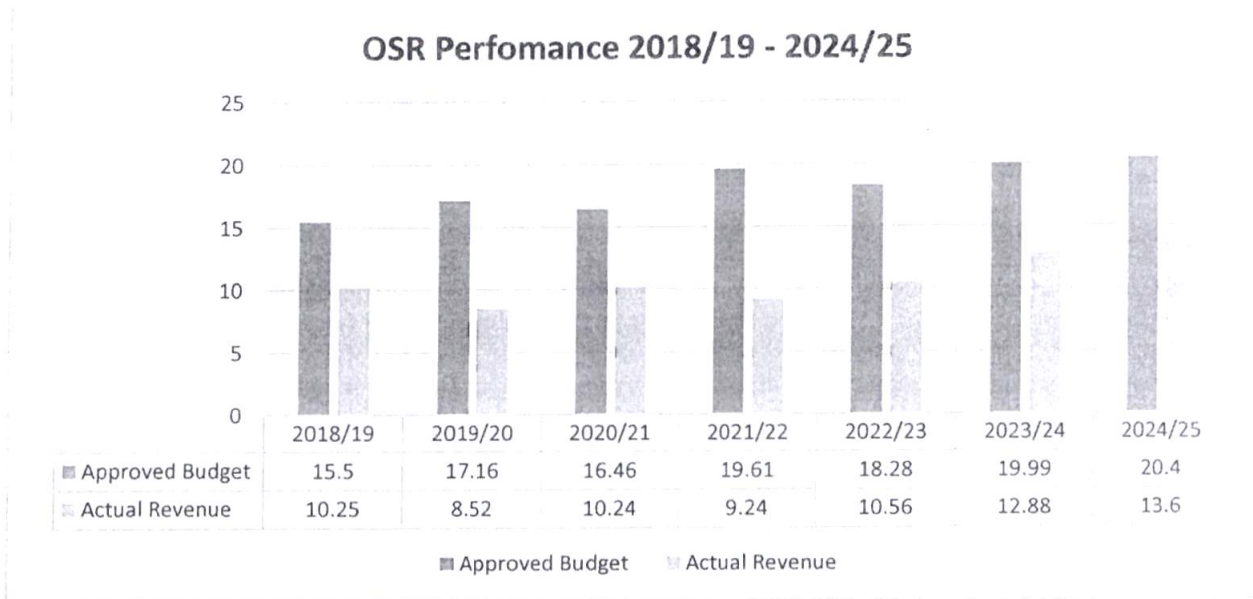
In the financial year 2024/2025, Nairobi City County had projected to collect Kshs 20.06B from OSR however, the county only achieved a 68.15% of its target collecting Kshs13.67B as indicated in the table below which shows actual performance against set targets for own source revenues for the financial year 2024/2025:

<b>County Own Source Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land Rates	5,455,684,000	3,508,605,647	0.64311013
Unified Business Permits	3,749,522,000	2,757,410,305	0.735403154
Plans and Inspections (Building Permits)	1,933,460,000	1,525,034,810	0.788759431
Parking Fees	3,087,298,000	2,029,894,926	0.657498863
Markets	350,091,000	235,504,129	0.67269404
House and Stall Rent	788,233,000	828,014,981	1.050469824
Billboards and Advertisements	1,035,986,000	663,870,714	0.640810507
Food Handlers Certificates	167,216,000	102,029,724	0.610167233
Hospital Fees	1,677,841,000	1,469,414,930	0.875777222
liquor fees	423,947,000	338,591,961	0.798665779
Other Income (Miscellaneous receipts)	1,390,722,000	284,685,737	0.204703555
<b>Total Receipts</b>	<b>20,060,000,000</b>	<b>13,743,057,864</b>	<b>0.6850976</b>

#### REVENUE PERFORMANCE FY 2024/2025

The County own sources performance registered a tremendous improvement in the last financial year 2024/2025 as compared to previous year 2023/2024 whereby the County collected Kshs13.6B with a Kshs 0.8B increase from the previous year's collection of Kshs 12.8B. The tabulation below compares the revenue performance for the period between FY 2018/2019 to 2024/2025.

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*



**REPORT ON CHALLENGES AND MITIGATION FACTORS IN REVENUE COLLECTION**

The County Government of Nairobi is responsible for collecting revenue from a variety of sources, including property taxes, business licenses, parking fees and any other revenues as outlined in the Nairobi City County Finance Act. Revenue performance for the year under review was affected by both micro and macroeconomic factors. During the period most of the unstructured revenues especially parking and markets reported a decline due to occasional demonstrations experienced in the country. Conversely, the period saw some revenue streams like house and stalls rent achieve their annual target following joint enforcement effort by the County Government.

**Challenges**

**System stability**

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

**Inaccurate taxpayers' data**

The County Government of Nairobi's taxpayer database, initially migrated from previous system to Nairobi pay was often inaccurate, which made it difficult to identify and contact taxpayers who were delinquent in their payments. This also led to lost vital clients and as a result loss of revenue, however, the County embarked on the process of Data cleansing which is a continuous process aimed at achieving the desired database for all clients. Although the process is time-consuming data collection exercise, to register new clients in order to expand the revenue base is ongoing and it's the desire of the County to have accurate and reliable data.

**Court injunctions challenging the collection of some levies**

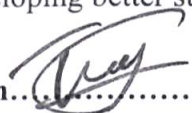
The County Government of Nairobi has repeatedly faced court injunctions that have hindered the implementation and collection of revenue from certain levies. Notably, the Finance Act 2023 was nullified by the courts, following a similar nullification of the Finance Act 2018. These rulings have created legal uncertainty, delayed enforcement of revenue measures, and led to significant revenue shortfalls.

To overcome the challenge, the County has already recruited additional staff to strengthened legal department, formulated tariff policy, engaged public to participate in various decision making forums and introduced ADR mechanisms. These reforms aim to minimize litigation, enhance compliance, and stabilize county revenue collection.

**Conclusion**

The County Government of Nairobi has faced a few challenges in revenue collection. However, it has taken several steps to mitigate these challenges. These steps have been successful in improving the ability to collect revenue.

The County will continue to implement the measures that will mitigate the challenges it faces in revenue collection. Regular upgrading the system to improve the efficiency of the revenue collection process. Conducting education campaign to improve taxpayers' understanding of their obligations and processes, strengthening the County Government's enforcement capabilities and developing better strategies to expand the Revenue base.

Sign........

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

## **5. STATEMENT OF THE RECEIVER OF REVENUE'S RESPONSIBILITIES**

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

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year ended on June 30<sup>th</sup>, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the entity,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the entity's receiver of revenue accounts, which have been prepared on the accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the entity's receiver of revenue account gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2025, and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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

Approval of the transitional Revenue Statements

The transitional revenue statements were approved and signed by the Receiver of Revenue on 10<sup>th</sup> December 2025



**Tiras W. Njoroge**

**County Receiver of Revenue**

# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAIROBI CITY

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### PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the revenue statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Revenue Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying transitional IPSAS revenue statements of Receiver of Revenue - County Government of Nairobi City set out on pages 1 to 30 which comprise

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*Report of the Auditor-General on Receiver of Revenue – Revenue Statements for the year ended 30 June, 2025 – County Government of Nairobi City*

of the statement of financial position as at 30 June, 2025 and the statement of revenue and disbursements, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue-County Government of Nairobi City as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33 and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Revenue Statements**

Review of the revenue statements presented for audit revealed the following errors and inaccuracies:

- i. The statement of revenue and disbursements reflects increase in amounts due to the County Revenue Fund (CRF) of Kshs.15,298,478,630. The balance represents the difference between total receipts and disbursements which ideally should be nil balance since all collections are required to be remitted to the CRF. However, Management did not provide reconciliation or supporting schedules for both the revenue and disbursement balances to enable confirmation of accuracy of the balances. Further, Management did not provide reasons for the delay in remitting the surplus amount of Kshs.15,298,478,630 to the CRF as required.
- ii. The revenue statements indicate that the Receiver of Revenue prepared accounts based on a transitional accrual basis for the first time during the year under audit. Although the statement of financial position disclosed the opening balances as at 1 July, 2024, no transition statement or reconciliation between the previous cash-based and the current accrual-based balances was provided.
- iii. The statement of financial position and as disclosed in Note 23 to the revenue statements reflect payables balance due to CRF totalling Kshs.62,969,842,806. However, the reported receivables in the CRF financial statements reflects a balance of Kshs.200,411,931 resulting to unreconciled variance of Kshs.62,769,430,875.

In the circumstances, the accuracy and completeness of the revenue statements' balances could not be confirmed.

## 2. Variances in Own Source Revenue

Review of the revenue statements revealed variances between the revenue statements balances and balances reflected in the respective own source revenue ledgers as analysed below:

Revenues	Note	Financial Statements (Kshs.)	Ledger (Kshs.)	Variance (Kshs.)
<b>Revenue from Non-Exchange Transactions</b>				
Land Rates	6	18,512,486,094	3,508,605,628	15,003,880,466
Unified Business Permits	7	2,757,410,305	2,757,410,299	6
Plans and Inspections (Building Permits)	8	1,525,034,810	1,525,034,751	59
<b>Total</b>		<b>22,794,931,209</b>	<b>7,791,050,678</b>	<b>15,003,880,531</b>
<b>Revenue from Exchange Transactions</b>				
Parking Fees	10	2,029,894,926	2,029,894,898	28
Markets	11	235,504,129	235,504,114	15
House and Stall Rent	12	950,951,264	828,014,969	122,936,295
Billboards and Advertisements	13	663,870,714	662,870,709	1,000,005
Food Handlers Certificates	14	102,029,725	102,029,718	7
Other Income (Miscellaneous Receipts)	16	284,685,737	276,888,908	7,796,829
<b>Total</b>		<b>4,266,936,495</b>	<b>4,135,203,316</b>	<b>131,733,179</b>
<b>Total Revenue</b>		<b>27,061,867,704</b>	<b>11,926,253,994</b>	<b>15,135,613,710</b>

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

## 3. Failure to Prepare a Detailed Trial Balance

The statement of revenue and disbursements reflects total revenue amount of Kshs.28,869,874,594, disbursements of Kshs.13,571,395,964, and dues to the CRF amounting to Kshs.15,298,478,630. However, the trial balance provided did not include key classifications such as revenue, disbursements, and payables, and lacked detailed descriptions of the accounts presented in the financial statements.

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

## 4. Unsupported Liquor License Revenue

The statement of revenue and disbursements reflects total revenue from non-exchange transactions amounting to Kshs.23,133,523,170 comprising of land rates, unified

business permits, plans and inspections and liquor licenses. However, supporting schedules and collection returns detailing the breakdown by source Sub- County, and collection point were not provided for audit review. Further, audit of the Nairobi City County Licensing and Alcoholic Board revealed that liquor license fees amounting to Kshs.338,591,961 reported under the Receiver of Revenue were not supported as the Nairobi City County Licensing and Alcoholic Board did not maintain schedules or acknowledgements to confirm the receipts. Consequently, revenue reported by both entities was not supported.

In the circumstances, the accuracy and of completeness revenue from non-exchange transactions amounting to Kshs.23,133,523,170 could not be confirmed.

## **5. Unsupported Hospital Fee Revenue**

The statement of revenue and disbursements reflects total revenue from exchange transactions amounting to Kshs.5,736,351,425, which comprises of parking fees, markets, house and stall rent, billboards and advertisements, food handlers' certificates, hospital fees and other miscellaneous income. However, hospital fees totalling Kshs.1,469,414,930 were not supported with respective schedules, facility-level reports or reconciliations between health facilities' collections and the County revenue system. Further, billing and receipting reports from the various hospitals revenue collection systems were not provided.

In the circumstances, the accuracy and completeness of the reported hospital revenue amount of Kshs.1,469,414,930 could not be confirmed.

## **6. Inconsistencies in Disbursements to County Revenue Fund**

The statement of revenue and disbursement and as disclosed in Note 17 to the revenue statements reflect disbursements totalling Kshs.11,735,305,103 to County Revenue Fund (CRF). Review of the County Revenue Fund (CRF) bank statements for the year ended 30 June, 2025 revealed total receipts amount totalling Kshs.11,790,746,945. Included in this amount was Kshs.44,120,555 credited from liquor licensing activities which were accounted for separately under the Liquor Directorate. Upon adjusting for this amount, the CRF should have ideally received an amount of Kshs.11,746,626,390 from the Receiver of Revenue during the year. However, analysis of the Receiver of Revenue (ROR) revenue statements indicated that an amount of Kshs.11,735,305,103 was reported as transferred to the CRF resulting in an unexplained variance of Kshs.11,321,287.

Further, reconciliations, supporting schedules or explanations were not provided to account for the discrepancy between the CRF bank receipts and the ROR transfer records.

In the circumstances, the accuracy, regularity and completeness of disbursements to CRF totalling Kshs.11,735,305,103 could not be confirmed.

## **7. Unsupported Disbursements to Other County Funds**

The statement of revenue and disbursements reflects transfers amounting to Kshs.1,808,006,891 to another County Fund which relates to liquor fees of Kshs.338,591,961 and hospital fees amount of Kshs.1,469,414,930 that were remitted directly to the County Revenue Fund by the Nairobi City County Liquor Board and the County Hospitals respectively. However, supporting documentation, transfer confirmations or reconciliations were not provided to substantiate these transactions.

In the circumstances, the accuracy, completeness and validity of disbursements to another County Fund totalling Kshs.1,808,006,891 could not be confirmed.

## **8. Receivables from Exchange and Non-Exchange Transactions**

The statement of financial position and as disclosed in Note 21 and Note 22 to the revenue statements reflect receivables from non-exchange transactions and exchange transactions balances of Kshs.55,239,675,820 and Kshs.7,529,755,055 respectively. However, review of records provided revealed the following;

### **8.1 Variances in Receivables from Non-Exchange Transactions**

Note 21 to the revenue statements reflect land rate receivables from exchange transactions balance of Kshs.55,020,466,891, an increase of Kshs.491,975,240 from the prior year balance of Kshs.54,528,491,651. According to the ageing analysis, the total receivables from non-exchange transactions balance of Kshs.55,731,651,060 had been outstanding for more than one year with an amount of Kshs.54,826,975,225 or 98% of the receivables having been outstanding for more than three (3) years casting doubt on Management's ability to recover the debts. Further, Note 21 to the revenue statements reflects land rates opening balance of Kshs.54,528,491,651 against prior year closing balance of Kshs.1,505,829,956,792 resulting to an unexplained variance of Kshs.1,451,301,465,141. No reconciliation, transition statement, adjustment Note or evidence of collection or write-off was provided to support this change.

Further, the statement of revenue and disbursements reflects land rates income of Kshs.18,512,486,094 as disclosed in Note 6 to the revenue statements while the statement of cash flows reflects actual receipts of Kshs.3,508,605,647 resulting to an unexplained variance of Kshs.15,003,880,447. In addition, Note 21 to the revenue statements reflects sundry debtors balance of Kshs.711,184,169 which has remained the same during the year. However, the previous year's audited revenue statements reflected a balance of Kshs.860,063,437 resulting to an unexplained variance of Kshs.148,879,268.

### **8.2 Receivables from Exchange Transactions**

Note 22 to the revenue statements reflect receivables from exchange transactions totalling Kshs.7,529,755,055. However, receivables totalling Kshs.4,816,828,885 or 64% of the receivables have been outstanding for more than three (3) years. Further, transition from cash based to accrual accounting introduced significant variances between the

audited prior-year arrears balances and the current year's reported opening balances which were not reconciled or supported with documentation and explanations for downward adjustments.

In the circumstances, the accuracy, completeness, and recoverability of receivables totalling Kshs.62,769,430,875 could not be confirmed.

## **9. Anomalies in Revenue Collections**

The statement of revenue and disbursements indicate that, the receiver of revenue collected revenue totalling Kshs.28,869,874,594 in the year under review. However, review of information provided revealed the following:

### **9.1 Unsupported Revenue Reports**

The statement of revenue and disbursements indicate that, the receiver of revenue collected revenue totalling Kshs.28,869,874,594 in the year under review. Although the main schedule provided for audit consisted of monthly summaries categorized under the different revenue streams, these summaries were not supported by system-generated revenue ledgers, receipt listings, and transaction reports. Instead, the ledgers and amounts submitted for audit were prepared from manual analysis of bank statements and M-Pesa transactions. Supporting documents such as system-generated receipts, revenue deposit records and detailed system reports showing the date, description and amount of each transaction were not provided for audit review. This undermines the reliability, accuracy and integrity of the revenue records.

### **9.2 Under-Receipting of Own Source Revenue Against Bank Collections**

Analysis of Nairobi City County Executive's own source revenue for the financial year under review revealed variances between receipts recorded in the automated revenue system and credits in the bank account. The system reported total receipts of Kshs.10,602,255,891, while the bank reflected collections of Kshs.11,515,152,905, resulting in an unreconciled variance of Kshs.912,897,014. This indicates that part of the revenue credited in the bank was not receipted in the system as required. Failure to align receipts with actual bank credits undermines the integrity of reported revenue and weakens accountability in the management of public funds. Further, it was not possible to confirm the completeness and accuracy of own source revenue for the year and the County is exposed to revenue leakage and possible misappropriation of funds, leading to misstatement of financial reports.

### **9.3 Revenue Classification Weaknesses**

Walkthrough of the Nairobi Pay System revealed that all bills and receipts are generated through the system, with revenue streams automatically identified by specific prefixes assigned to each category. However, analysis of the receipts generated during the year under review identified transactions that could not be mapped to specific revenue streams. This indicates weaknesses in system controls and raises the likelihood of inaccuracies in revenue classification. The inability to properly classify all transactions

compromises the completeness and reliability of revenue reporting and may result in misstatement of actual collections by revenue type.

#### **9.4 Unauthorized Revenue Reversals**

Audit established that two commercial banks contracted by Nairobi City County reversed a total amount of Kshs.2,224,474 from revenue collections at source, without prior authorization from the County Treasury or legal basis. These reversals were not backed by a formal refund policy, or disclosed or approved through the County's budget execution framework.

Allowing revenue collection agents to reverse funds directly from revenue accounts without legal authority or The Treasury's approval amounts to spending at source, exposing the County to financial mismanagement and loss of public funds.

In the circumstances, accuracy, regularity and completeness of revenue collections totalling Kshs.28,869,874,594 could not be confirmed.

#### **10. Unreconciled Bank Charges**

The statement of revenue and disbursements reflects total bank charges amount of Kshs.28,083,970 across five (5) revenue collection accounts, as disclosed in Note 19 to the revenue statements. However, it was noted that two (2) of the five (5) accounts were operational for only two (2) months before closure, yet incurred total charges of Kshs.1,999,847. The remaining active accounts also recorded disproportionately high bank charge ratios, totalling Kshs.26,084,123 relative to account activity and average balances. Failure to perform regular reconciliations and reviews of bank charges may result in inaccurate financial reporting, loss of public funds through unauthorized deductions, and continued exposure to control weaknesses and financial inefficiencies.

In the circumstances, the accuracy and completeness of bank charges totalling Kshs.28,083,970 could not be confirmed.

#### **11. Unreconciled M-Pesa Revenue Transfers not Reflected in Revenue Collection Account**

The statements of financial position and as disclosed in Note 20 to the revenue statements reflect cash and cash equivalents balance of Kshs.200,411,931. However, review of records provided for audit revealed that the City County used M-Pesa as one of its revenue collections channels, integrated with a local bank for settlement into the County Revenue Fund. An analysis of revenue transactions for the audit period revealed that a total of three hundred and thirty-six (336) M-Pesa transfers were initiated for settlement into the local Bank account. However, only two hundred and ninety (290) of these transfers were reflected in the bank account, leaving forty-six (46) transfers unaccounted for, valued at an amount of Kshs.562,837,032. Further, Management provided a reconciliation indicating that the amounts were being combined and sent to the bank three (3) days later. However, Management did not explain where the money was held for those days before being remitted to the bank account.

Failure to reconcile M-Pesa collections with bank statement records on time may result in loss or misappropriation of public funds, weak financial controls, and inaccurate reporting of collected revenue. It also exposes the County to systemic leakages, audit gaps, and potential failure to meet statutory revenue reporting obligations.

In the circumstances, the accuracy, regularity and completeness of cash and cash equivalents balance of Kshs.200,411,931 could not be confirmed.

## **12. Failure to Provide Total Payments Made to System Vendors**

During the year under review, it was noted that the City County Executive Management operated Jambo Pay and Revenue Sure within the past three (3) financial years. However, the County Executive did not provide the payments to the vendors in relation to implementation cost and transactional fees, which was 4.5% and 4.25% for Jambo Pay and Revenue Sure systems respectively.

In the absence of complete payment records and supporting documentation for the implementation costs and transactional fees relating to the Jambo Pay and Revenue Sure systems, the accuracy, completeness and regularity of the related expenditures to the County could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue-County Government of Nairobi City Management in accordance with ISSAI 130 on the 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 qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,060,000,000 and Kshs.13,743,057,864 respectively, resulting to under collection of Kshs.6,316,942,136 or 31% of the budget. Although Management attributed this shortfall to system-related downtimes, which caused frequent disruptions in the collection system and affected revenue collection efficiency, there was no data to support the frequent disruption claim.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

## Other Matter

### Unresolved Prior Year Audit Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Receiver of Revenue - County Government of Nairobi City in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Lack of Ageing Analysis Listing of Revenue in Arrears
2	2023/2024	Variance Between Reported Revenue and Transaction Schedules
3	2023/2024	Irregular Bank Charges
4	2023/2024	Accumulated Uncollected Ground Rent and Land Rates Arrears
5	2023/2024	Bank Balances Variances - Due to CRF
6	2023/2024	Failure to Provide Ledgers
7	2023/2024	Gaps in Single Business Permit Application Numbers
8	2023/2024	Failure to Prepare and Submit Nairobi City County Revenue Authority Financial Statements
9	2023/2024	Revenue Collection Account Registered under Kenya Revenue
10	2023/2024	Irregularities in the Revenue Collection Systems
11	2023/2024	SBP Payment Records Without Payment Reference Number and Date
12	2023/2024	Inaccurate Taxpayers' Data
13	2023/2024	Ineffective Systems of Collection of Rent Arrears

### Other Information

Management is responsible for the Other Information set out on page iii to xii which comprise of Key Entity Information and Management, Foreword by the CECM Finance and Economic Planning, Management Discussion and Analysis, Statement of the Receiver of Revenue Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Late Transfer of Bank Accounts Closing Balances to County Revenue Fund

Review of records provided for audit review revealed that the bank balances totalling Kshs.200,411,931 as at the end of the year were held across three (3) bank accounts. However, these funds were not transferred to the County Revenue Fund (CRF) as required. Bank charges were also incurred on the balances, reducing the funds available for County use. Further, as disclosed under the significant accounting policies paragraph (vi) on disbursements to CRF, the County Executive has a transfer arrangement of daily sweeping of revenue collected to the CRF with the commercial banks.

Failure to sweep all available funds to the CRF contravenes the Public Finance Management Regulations, undermines proper public resource management and increases the risk of misappropriation or unauthorized use. This was contrary to Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the receivers of revenue shall promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

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

#### 2. Cash Management and Revenue Reconciliation

Review of the bank details provided for audit revealed that the County Executive Management opened an account in a local bank in November, 2024 without obtaining prior approval from the County Treasury. The account was opened in a Tier three (3) bank that collected revenue. Further review of the account revealed that it had a balance of Kshs.151,699,940 as at 30 June, 2025, which had remained in the account since January, 2025. However, the funds were not transferred to the County Revenue Fund (CRF). This was contrary to Regulations 81(1)(a) of the Public Finance Management (County Governments) Regulations, 2025 in controlling revenue receipts to ensure that all revenue receipts by the County Government are paid into the County Exchequer Account,

except receipts reasonably excluded by the Act, or any other Act of Parliament or an Act of County Assembly.

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

### **3. Delayed and Infrequent Transfer of Collected Revenue by Contracted Banks**

Audit established that two (2) local banks were contracted by County Executive to collect revenue on its behalf and remit the proceeds to the County Revenue Fund (CRF). However, review of bank statements and transfer schedules during the audit period revealed that the two banks consistently left behind significant balances after making transfers to the CRF, with retained amounts ranging from Kshs.643,311 to Kshs.114,555,660. One bank was remitting once a month thereby, holding substantive amount of money for the entire month.

The County did not provide any documentation indicating approved remittance schedules authorizing the retention of funds, nor was there evidence of an active reconciliation or oversight mechanism to monitor bank compliance with transfer obligations. This situation indicates a weak enforcement framework in the County's management of revenue collection contracts and undermines transparency in public fund handling. This contradicted Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the receivers of revenue shall promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

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

### **4. Non-Preparation and Submission of Quarterly Revenue Reports**

Audit of City County Executive 's revenue Management revealed that the County did not prepare and submit quarterly revenue reports for the financial year under review as required. Further, no evidence was provided to confirm that the reports were submitted to the County Treasury, Auditor-General, or County Assembly within the stipulated timelines. This was contrary to Regulation 64(1)(4) of the Public Finance Management (County Government) Regulations, 2015, which provides that the Accounting Officer, receiver of revenue, or collector of revenue shall prepare a quarterly revenue report not later than 15 days after the end of the quarter. The report shall be submitted to the County Treasury, with copies to the Auditor-General and the County Assembly.

In the circumstances, failure to prepare and submit timely quarterly revenue reports undermines financial transparency, limits the County's ability to monitor revenue performance, and impairs oversight by both the County Assembly and the Auditor-General. Further, Management was in breach of the law.

### **5. Failure to Operationalize the Office of the County Revenue Administrator**

During the year under review, it was observed that a seven (7) Member Board was appointed on 16 January, 2023 for a period of three (3) years for the Nairobi City County

Revenue Authority with an approved budgetary allocation of Kshs.100,000,000. However, the Authority did not prepare and submit separate financial statements for audit. The absence of reliable revenue data impairs decision-making by the Management and may reduce confidence among the public.

Further, the Board had been in the office for more than two (2) years and the County Executive Committee Member did not dissolve the Revenue Department contrary to Section 41 of the Nairobi County Revenue Administration Act, 2021 which provides that within one hundred and twenty (120) days of coming into force of the Act, the County Executive Committee Member was required to wind up the County Revenue Department and transfer all its functions, operations and powers to the Authority.

Failure to operationalize this office undermines the statutory governance and coordination of revenue administration, weakens accountability, and may lead to inconsistencies in enforcement, oversight, and performance of revenue functions.

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

#### **6. Non-Compliance with Legal Requirement to Conduct Data Protection Impact Assessment (DPIA)**

Audit established that Nairobi City County Executive migrated the Nairobi Pay Enterprise Resource Planning (ERP) system, which involves the collection and processing of significant amounts of personal data from staff and the public to Konza Data Center. However, no evidence was provided to confirm that a Data Protection Impact Assessment (DPIA) was conducted before initiating system data migration or procurement, as required by Section 49(1) of the Data Protection (General) Regulations, 2021 which provides that a Data Protection Impact Assessment (DPIA) to be conducted where processing activities are likely to result in high risks to data subjects—particularly where new or innovative technologies are involved. Section 49(2) further mandates that the DPIA must be undertaken prior to commencing such processing.

Failure to conduct a DPIA exposes the County to non-compliance with data protection laws, with potential consequences including regulatory penalties, data breaches and infringement of individual privacy rights.

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

#### **7. Outsourcing of SaaS and Maintenance for NairobiPay Despite County Ownership**

Audit established that in December, 2024, Nairobi City County Executive entered into a contract with a service provider to provide Software-as-a-Service (SaaS) for the Nairobi Pay revenue system, at a cost of 4.5% of all revenue collected. The contract also grants the service provider responsibility for system support and maintenance. However, audit review confirmed that NairobiPay is already owned by the County, raising concern over the justification for outsourcing its hosting and management functions.

Based on the County's average revenue collection of Kshs.1,000,000,000 per month, the estimated cost payable to the service provider under this arrangement amounts to Kshs.540,000,000 annually. Over the five-year contract period, the total estimated cost payable to the service provider amounts to Kshs.2,700,000,000. No evidence was provided of a cost-benefit analysis, technical limitations or capacity constraints that would necessitate the outsourcing. In addition, no competitive procurement documents were provided, and the service agreement lacked clear justification for relinquishing operational control over a County-owned system.

In the circumstances, the outsourcing SaaS and maintenance for a system already under County ownership may result in duplication of costs, weakened internal capacity, and loss of operational control. Therefore, value for money in respect to outsourced services could not be confirmed.

#### **8. Underutilization of Nairobi County Tier I Server Room Due to Outsourced Hosting of Revenue System**

Audit established that Nairobi City County Executive maintained a fully equipped Tier I server room, developed to meet the technical and operational requirements of a data center. The infrastructure was designed to host core County systems, including operational applications and revenue management platforms. However, despite this investment, the County entered into a contract with a service provider in December, 2024 for the hosting, support, and maintenance of the NairobiPay revenue system, under a Software-as-a-Service (SaaS) arrangement.

Audit could not establish that a cost-benefit analysis or feasibility study was conducted to justify the outsourcing decision, nor was there evidence that the County Executive's own data center had been assessed for readiness to support the system. As a result, the Tier I server room valued at approximately Kshs.850,000,000 remained underutilized, while the County incurred ongoing hosting fees estimated at Kshs.540,000,000 annually, and Kshs.2,700,000,000 over the five-year contract term, based on revenue projections.

In the circumstances, outsourcing system hosting to an external vendor while maintaining an idle or underutilized in-house server room led to wastage of public investment, inefficiency and poor return on infrastructure expenditure.

#### **9. Duplication of ERP Software in Nairobi City County Leading to Wasteful Expenditure**

Audit established that Nairobi City County Executive contracted a local company to develop a new Enterprise Resource Planning (ERP) system at a cost of Kshs.847,000,000 with the aim of digitizing core County operations such as HR, finance, procurement, and asset management. However, the County had already acquired and implemented an Integrated County Management System (ICMS) that included Microsoft Dynamics NAV 365 ERP, which is designed to support similar business functions.

Audit did not obtain evidence of a needs assessment or technical gap analysis justifying the procurement of a second ERP platform. Further, the rationale for not expanding or fully utilizing the existing NAV 365 system to meet operational needs was not documented. As a result, the County risked operating two parallel systems with overlapping functions, escalating both initial capital and recurring support costs, and complicating system integration and user training efforts.

In the circumstances, procurement of redundant ERP systems without justification led to inefficient use of public resources, software duplication and fragmented data management.

#### **10. Irregular Engagement of Nairobi Pay Vendor**

During the year under review, Nairobi County Executive operated a revenue management system, NairobiPay which was in operation since October, 2022. However, the contract with the vendor was dated 16 December, 2024 an indication that the County had operated without a valid contract for over two (2) years with the vendor up until 16 December, 2024. Further, the Service Level Agreement (SLA) defining the terms of support of the revenue system was not provided. In addition, correspondences in support of how the vendor was identified and any engagements were not provided.

In the circumstances, the lack of a contract and service level agreement increase the risk that the County Executive will not receive the services as contracted or have defined terms of engagement on service delivery.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Weaknesses in NairobiPay System on Revenue Reporting**

Audit established that Nairobi City County Executive operates a digital revenue management system known as NairobiPay. However, the system lacks full functionality to generate accurate, comprehensive and reliable revenue reports. Consequently, the County relies on manual extraction and analysis of revenue bank statements as the primary basis for revenue reporting, rather than using system-generated data from NairobiPay.

In the circumstances, the inability of NairobiPay to generate accurate and timely revenue reports compromises the integrity of revenue data, creates reliance on manual processes prone to errors, and undermines the accuracy and completeness of reported revenue.

### **2. Inappropriate User Administration of NairobiPay Revenue System**

Audit established that user administration of the NairobiPay revenue management system was wholly managed by the Information and Communication Technology (ICT) Department. This included user account creation, role assignment, and access revocation. The Revenue Department, which was the process owner and custodian of revenue data, did not have administrative privileges or oversight over user access rights within the system.

In the circumstances, failure to allocate user administration rights to the process owner undermines segregation of duties, increases the risk of unauthorized access and manipulation of revenue data, and reduces accountability within the revenue system.

### **3. Lack of a Formal Change Management Register for ERP Modifications**

Audit noted that while the Nairobi City County Executive was actively implementing and modifying its NairobiPay ERP system, the County did not maintain a formal change management register. Instead, system changes requested by users were communicated through formal memos, which are not centrally recorded, tracked, or consistently approved through a structured change control framework. As a result, the audit could not verify whether all changes made to the ERP system were properly authorized, documented, and reviewed.

In the circumstances, the absence of a formal change management register may result in unauthorized, undocumented, or poorly tested system changes, exposing the ERP system to data integrity issues, audit trail gaps, operational disruptions, and weakened internal controls.

### **4. Over-Reliance on Service provider Due to Exclusive Administrative Rights Over NairobiPay System**

Audit established that the service provider contracted to provide Software-as-a-Service (SaaS) for the NairobiPay revenue system, had been granted exclusive administrative

rights to both the application and underlying database. These rights included unrestricted access to create or deactivate user accounts, configure business rules, modify data tables, and administer system controls. Nairobi City County Executive which owns the NairobiPay platform, did not have mirrored administrative access, independent system audit controls or database-level oversight.

There was no evidence provided to show that the system activity logs were reviewed by the County or that a contingency plan exists in the event of a vendor failure, contract dispute, or data access issue. The arrangement had effectively made the County entirely dependent on the vendor for all core technical functions of the revenue system.

In the circumstances, exclusive vendor control over critical system functions exposed the County Executive to loss of data integrity, operational disruption, unauthorized system changes, and vendor lock-in.

## **5. Hosting Arrangements of the Nairobi Pay System**

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

- i. The hosting model is intended to determine whether the system operates on shared infrastructure with other businesses or on dedicated resources that provide greater control and security.
- ii. Data encryption protocols and compliance with Data Protection Act, 2019 especially on data transfer.
- iii. Service level agreements on uptime guarantees, incident response and remedies for any breaches.
- iv. Scalability and performance.

In the circumstances, the County Executive was exposed to scalability limitations, unauthorized access to their data including data theft, hosting provider's failure to maintain agreed uptimes thus high likelihood of disruption of critical services.

## **6. Lack of an Approved Business Continuity and Disaster Recovery Plan**

Audit established that Nairobi City County Executive did not have an approved and documented Business Continuity or Disaster Recovery Plan for its ICT systems. No evidence was provided to confirm that such plans had been prepared, tested, or submitted for approval. This gap was noted despite the County currently running an Enterprise Resource Planning (ERP) system—NairobiPay—to manage key operations including finance, human resources, and revenue collection. The absence of a BCP and DRP during the implementation of a core transactional system such as an ERP further heightens the risk of operational disruption and data loss, as the County lacked a clear recovery strategy in the event of system failure or disaster.

In the circumstances, the lack of a documented and tested Business Continuity and Disaster Recovery Plan exposed the County to prolonged service interruptions, loss of critical data, and inability to recover key operations, particularly during the ongoing ERP (Nairobi Pay) implementation.

## **7. Lack of a Steering Committee**

Nairobi City County Executive did not have in place Information Technology Steering Committees. The function of the Information Technology Steering Committee was to carry out the IT strategy and perform the day-to-day activities. Its responsibilities included managing spending, architecture and engineering of IT solutions, allocation of resources, project management and giving feedback to the Board about the strategy. It was observed that Nairobi City County Executive had gaps in information technology governance that could affect information technology management dispensing the Department's mandate.

In the circumstances, there was a potential risk of breaching data security and regulatory compliance requirements due to the lack of coordination between the information technology-led elements of projects and county management of the associated business change.

## **8. Use of Personal Email Address for Official Government Communication**

Analysis of the Nairobi pay system users revealed that the system was configured to use personal email addresses for official communication within the system. The use of personal email address contravened the directive given by the Head of Public Services and exposes the County Executive to data leakage and misuse by disgruntled employees for their gain. Further, the County Executive did not have control over information and data held in the personal emails even in the event the employee exists in the County.

In the circumstances, the County Executive risked leakage and or misuse of personalized data held by the system and classified information whenever shared via personal email addresses since there were no controls over such emails.

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

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

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

In preparing the revenue statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the revenue statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revenue statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the revenue statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 December, 2025

7. STATEMENT OF REVENUE AND DISBURSEMENTS FOR THE YEAR  
ENDED 30TH JUNE 2025

	Note	FY 2024-2025
<b>Revenue from non-exchange transactions</b>		<b>Kshs</b>
Land Rates	6	18,512,486,094
Unified Business Permits	7	2,757,410,305
Plans and Inspections (Building Permits)	8	1,525,034,810
Liquor license lee	9	338,591,961
<b>Total Revenue from non-exchange transactions</b>		<b>23,133,523,170</b>
<b>Revenue from exchange transactions</b>		
Parking Fees	10	2,029,894,926
Markets	11	235,504,129
House and Stall Rent	12	950,951,264
Billboards and Advertisements	13	663,870,714
Food Handlers Certificates	14	102,029,724
Hospital Fees	15	1,469,414,930
Other Income (Miscellaneous receipts)	16	284,685,737
<b>Total Revenue from exchange transactions</b>		<b>5,736,351,425</b>
<b>Total Revenues (a)</b>		<b>28,869,874,594</b>
<b>Disbursements</b>		
Disbursements To CRF	17	11,735,305,103
Disbursements to another County Fund	18	1,808,006,891
Bank charges	19	28,083,970
<b>Total Disbursements and other charges (b)</b>		<b>13,571,395,964</b>
<b>Increase/Decrease in Dues to County Revenue Fund</b>		<b>15,298,478,630</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 10<sup>th</sup> December 2025 and signed by:



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




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

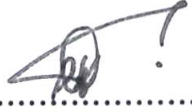
*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**8. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025**

	Not e	30th June 2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Current Assets</b>			
Cash and Cash Equivalents	20	200,411,931	28,750,605
Receivables from non-Exchange transactions	21	55,239,675,820	55,731,651,060
Receivables from Exchange transactions	22	7,529,755,055	6,783,374,417
<b>Total Current Assets</b>		<b>62,969,842,806</b>	<b>62,543,776,082</b>
<b>Total Assets</b>		<b>62,969,842,806</b>	<b>62,543,776,082</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	23	62,969,842,806	62,543,776,082
<b>Total Financial Liabilities</b>		<b>62,969,842,806</b>	<b>62,543,776,082</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10th December 2025 and signed by:

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

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

**9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025**

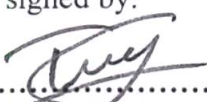
	Note	FY2024/2025
		Kshs
<b>Operating Activities</b>		
<b>Receipts</b>		
Land Rates	6	3,508,605,647
Unified Business Permits	7	2,757,410,305
Plans and Inspections (Building Permits)	8	1,525,034,810
Parking Fees	10	2,029,894,926
Markets	11	235,504,129
House and Stall Rent	12	828,014,981
Billboards and Advertisements	13	663,870,714
Food Handlers Certificates	14	102,029,724
Other Income (Miscellaneous receipts)	16	284,685,737
<b>Total Receipts</b>		<b>11,935,050,973</b>
<b>Payments</b>		
Disbursements To CRF	17	11,735,305,103
Bank charges	19	28,083,970
<b>Total Payments</b>		<b>11,763,389,073</b>
<b>Net Cash from operating Activities</b>		<b>171,661,900</b>
Cash and Cash Equivalent as at 1 <sup>st</sup> July 24	31	28,750,605
<b>Cash and Cash Equivalent as at 30<sup>th</sup> June 25</b>	31	<b>200,411,931</b>

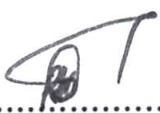
10. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR YEAR ENDED 30<sup>TH</sup> JUNE 2025

Receipts	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
<b>County Own Source Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Land Rates	5,455,684,000	0	5,455,684,000	3,508,605,647	1,947,078,353	0.6431101
Unified Business Permits	3,749,522,000	0	3,749,522,000	2,757,410,305	992,111,695	0.7354032
Plans and Inspections (Building Permits)	1,933,460,000	0	1,933,460,000	1,525,034,810	408,425,190	0.7887594
Parking Fees	3,087,298,000	0	3,087,298,000	2,029,894,926	1,057,403,074	0.6574989
Markets	350,091,000	0	350,091,000	235,504,129	114,586,871	0.672694
House and Stall Rent	788,233,000	0	788,233,000	828,014,981	- 39,781,981	1.0504698
Billboards and Advertisements	1,035,986,000	0	1,035,986,000	663,870,714	372,115,286	0.6408105
Food Handlers Certificates	167,216,000	0	167,216,000	102,029,724	65,186,276	0.6101672
Hospital Fees	1,677,841,000	0	1,677,841,000	1,469,414,930	208,426,070	0.8757772
liquor fees	423,947,000	0	423,947,000	338,591,961	85,355,039	0.7986658
Other Income (Miscellaneous receipts)	1,390,722,000	0	1,390,722,000	284,685,737	1,106,036,263	0.2047036
<b>Total Receipts</b>	<b>20,060,000,000</b>	<b>0</b>	<b>20,060,000,000</b>	<b>13,743,057,864</b>	<b>6,316,942,136</b>	<b>0.6850976</b>

- (a) Land rates- the under realisation was as a result of petition objecting the new valuation role and land disputes.*
- (b) Unified business permit-underperformance in this area was due to massive undercharges due to self-services (self-billing)*
- (c) Parking- parking as a perishable revenue was affected during the country wide demonstration.*
- (d) Physical planning and development this was as a result delayed approval due to system related challenges*
- (e) Advertising- the underperformance in this area was as a result of disruption which saw most of the properties burnt down during demonstrations.*
- (f) Property rent-the over realisation was as a result of joint enforcement effort aimed at targeting rent default which resulted in achieving and overpassing set targets.*
- (g) Food handlers certificate-under realisation was caused by infiltration by private players who charge 75% less*
- (h) Market fees-the under realisation in this area was as a result of inflation and general economic performance.*
- (i) Other incomes - the underperformance in these area was as a result of consumer behaviour as a result of inflation caused by hard economic times*

The County Receiver of Revenue's financial statements were approved on 10<sup>th</sup> December 2025 and signed by:

  
.....  
**Name: Tiras W. Njoroge**  
**County Receiver of Revenue**

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

## **11. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

The Receiver of Revenue was appointed by the CEC member of Finance of Nairobi County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is as outlined in the appointment letter and section 157 of the PFM Act.

### **2. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting and relevant legal framework of the County Government of Nairobi. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya. The County has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup> years financial statements are transitional financial statements. and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

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

The Financial statements were authorized for issue by the Accounting Officer on 10<sup>th</sup> December 2025

### **3. Adoption of New and Revised Standards**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

There were no new and amended standards issued in the financial year.

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of</p>

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County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

Standard	Effective date and impact:
	<p>PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol>

*iii) Early adoption of standards*

The Entity did not early-adopt any new or amended standards in the financial year or *the entity adopted the following standards early*

#### **4. Significant Accounting Policies**

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

##### **i) Revenue from non-exchange transactions**

###### **Fees, taxes, fines and charges**

The *Receiver of Revenue* recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The *Receiver of Revenue* recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

###### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

## **Summary of Significant Accounting Policies (Continued)**

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

### **iii) Budget**

The County Revenue budget is developed on cash basis. The budget has the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly for the period 1st July 2024 to 30 June 2025. There was number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

### **iv) Cash and cash equivalents**

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

**v) Revenue in Arrears**

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non-exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

**vi) Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

The County has a transfer arrangement of Daily sweeping of revenue collected to CRF with the commercial banks.

**vii) Payables due to CRF**

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period.

**viii) Comparative Figures**

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

**ix) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2025

**Notes to the financial statements**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the County financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

*State all significant judgements, estimates and assumptions made:*

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**Notes to the Financial Statements**

**6. Land Rates**

Description	Invoiced Amount
	FY 2024-2025
	Kshs
Ground Rent	513,045,042
Land Rates	17,975,575,912
Land Survey	140,294
Land Valuation	23,724,846
<b>Total</b>	<b>18,512,486,094</b>

**7. Unified Business Permit**

Description	FY 2024-2025
	Kshs
SBP	1,837,269,632
Advertisements	70,772,166
Fire Certificate	565,657,743
Others (Food Hygiene, Pest Control & Health Cert)	283,710,764
<b>Total</b>	<b>2,757,410,305</b>

8. Plans and Inspections (Building Permits)

Description	FY 2024-2025
	Kshs
Boundary Wall	10,039,833
Building Occupation	2,105,883
Building Permits	1,379,359,389
Change Of Use Admin	1,384,778
Change Of Use Tech	1,384,778
Extension Of Lease	30,572,954
Extension Of Use	8,287,394
Land Amalgamation	2,948,236
Land Subdivision	37,406,013
Renewal Of Lease	5,288,532
Renovation And Repairs	45,593,348
Subdivision Cert	663,672
<b>Total</b>	<b>1,525,034,810</b>

9. Liquor license fee

Description	FY 2024-2025
	Kshs
Liquor License fee	338,591,961
<b>Total</b>	<b>338,591,961</b>

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**10. Parking Fees**

<b>Description</b>	<b>FY 2024-2025</b>
	<b>Kshs</b>
Loading Zone	263,296,333
Off Street	49,136,222
On Street	489,717,232
PSV Stickers	893,468,567
Seasonal	334,276,573
<b>Total</b>	<b>2,029,894,926</b>

**11. Markets**

<b>Description</b>	<b>FY 2024-2025</b>
	<b>Kshs</b>
Large Scale Market	162,596,439
Small Scale Market	72,907,690
<b>Total</b>	<b>235,504,129</b>

**12. House and Stall Rent**

Description	FY 2024-2025
	Kshs
County Rentals	781,862,173
Market Stall	169,089,091
<b>Total</b>	<b>950,951,264</b>

**13. Billboards and Advertisements**

Description	FY 2024-2025
	Kshs
Advertisement Large Format	663,870,714
<b>Total</b>	<b>663,870,714</b>

**14. Food Handlers Certificates**

Description	FY 2024-2025
	Kshs
Food Handlers Certificates	102,029,724
<b>Total</b>	<b>102,029,724</b>

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**15. Hospital Fees**

<b>Description</b>	<b>FY 2024-2025</b>
	<b>Kshs</b>
Mama Lucy Kibaki Hospital	575,388,821
Pumwani Hospital	235,988,523
Mbagathi Hospital	417,226,780
Mama Margaret Uhuru Hospital	30,723,119
Mutuini Hospital	85,555,564
Nairobi Funeral Homes	39,344,735
Level iv hospitals	85,187,389
<b>Total</b>	<b>1,469,414,930</b>

**16. Other Income (Miscellaneous receipts)**

<b>Description</b>	<b>FY 2024-2025</b>
	<b>Kshs</b>
Unallocated Income	207,015,505
Bet App. Fee	2,285,054
Bet Permit Fee	103,880
Environment	1,219
Essential Services	28,984,232
Food Hygiene	32,353
Health Certificate	236,718
Hire Of Social Halls	517,258
Hire Of Stadium	822,263
Informal Markets	5,339,700
Inoculation	14,581
Institution Inspection	1,631,717
Pest Control	4,939,294

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

Public Health Inspection	1,374,659
Public Works	26,075,791
Research Permit	427,994
Tipping Charges	2,271,218
Toilets	69,640
Transport Cess	923,971
Vet Services	1,161,197
Library Services	397,930
Morgue Services	8,705
Export Cert	40,623
Labaratory Services	10,235
<b>Total</b>	<b>284,685,737</b>

**17. Disbursements to CRF**

Description	Period ended Sep/Dec/March/June 2025
	Kshs
Quarter 1	1,817,712,062
Quarter 2	1,777,045,041
Quarter 3	4,593,788,216
Quarter 4	3,546,760,933
<b>Total</b>	<b>11,735,306,253</b>

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**18. Disbursement to another County Fund-----Hospitals & Liquor**

Description	Period ended
	Sep/Dec/March/June 2025
	Kshs
Quarter 1	346,127,115
Quarter 2	537,140,768
Quarter 3	470,966,246
Quarter 4	453,772,762
<b>Total</b>	<b>1,808,006,891</b>

**19. Bank Charges**

Description	30th June 2025 'Kshs'
<b>Bank Charges &amp; commissions</b>	
CO-OPERATIVE BANK ACCOUNT NO. - 01141709410000	1,998,122
CO-OPERATIVE BANK ACCOUNT NO. 01141232396600	26,043,708
EQUITY BANK ACCOUNT NO. 1770279910476	1,725
EQUITY BANK ACCOUNT NO. 1600284509139	37,475
CREDIT BANK ACCOUNT NO. 0191007000269	2,940
<b>Total</b>	<b>28,083,970</b>

*Receiver of Revenue  
County Government of Nairobi  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

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**20. Cash and Cash Equivalents**

Name of Bank, Account No. & currency	closing statement	Opening Statement
	30th June 2025	1st July 2024
	Kshs	Kshs
CO-OPERATIVE BANK ACCOUNT NO. - 01141709410000 closed	-	22,042,110
CO-OPERATIVE BANK ACCOUNT NO. 01141232396600	25,536,553	3,481,353
EQUITY BANK ACCOUNT NO. 1770279910476 closed	-	1,459,744
EQUITY BANK ACCOUNT NO. 1600284509139	23,175,438	1,767,398
CREDIT BANK ACCOUNT NO. 0191007000269	151,699,940	-
Cash at Hand	-	-
<b>Total</b>	<b>200,411,931</b>	<b>28,750,605</b>

**21. Receivables for non-exchange transactions**

Description	30th June 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Receivables</b>		
Sundry Debtors	711,184,169	711,184,169
Land Rates	55,020,466,891	54528491651
Sub total	55,731,651,060	<b>55,239,675,820</b>
Less impairment Allowance	-	0
<b>Total Current Receivables</b>	<b>55,731,651,060</b>	<b>55,239,675,820</b>

*Receiver of Revenue  
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Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**Ageing analysis for Receivables from Non-exchange transactions**

Description	30 <sup>th</sup> June 2025		Opening Statement	
	Current FY	% of the total	1 <sup>st</sup> July 2024	% of the total
	Kshs		Kshs	
Less than 1 year		0	0	0
Between 1- 2 years	138,130,424	0.002478492	0	0
Between 2-3 years	766,545,410	0.01375422	0	0
Over 3 years	54,826,975,225	0.983767288	55,239,675,820	1
<b>Total (a+b)</b>	<b>55,731,651,060</b>	<b>1</b>	<b>55,239,675,820</b>	<b>0</b>

**22. Receivables from exchange transactions**

Description	30TH JUNE 2025	1ST JULY 2024
	Kshs	Kshs
<b>Total receivables</b>		
RENTAL HOUSES/ MARKET STALLS	447,182,881	723,780,207
LOADING ZONES-PRIVATE	16,740,000	16,740,000
LOADING ZONES-GOK	755,570,800	755,570,800
OUTDOOR ADVERTISEMENTS& BILLBOARDS	371,735,204	392,911,280
WAY LEAVES-OTHERS	293,726,170	55,972,130
WAY LEAVES-KPLC	5,644,800,000	4,838,400,000
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>7,529,755,055</b>	<b>6,783,374,417</b>

Ageing analysis for total receivables in exchange transactions

Description	FY 2024/2025	% of the total	Insert	% of the total
	Current FY		Comparative	
	Kshs		FY	
Less than 1 year	1,044,154,040	0.138670386	0	
Between 1- 2 years	862,372,130	0.114528577	0	
Between 2-3 years	806,400,000	0.107095117	0	
Over 3 years	4,816,828,885	0.63970592	6,783,374,417	1
<b>Total (a+b)</b>	<b>7,529,755,055</b>	<b>1</b>	<b>6,783,374,417</b>	<b>1</b>

23. Payables- Due To CRF

Payables	FY 2024/2025	Opening Statement
	30th June 2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Amount collected yet to be disbursed to CRF	200,411,931	28,750,605
Amount billed and yet to be collected for disbursement to CRF	15,098,063,718	-
Amount not billed and yet to be collected for disbursement to CRF	47,671,367,157	62,515,025,477
<b>Total Due to CRF</b>	<b>62,969,842,806</b>	<b>62,543,776,082</b>

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**24. Movement Disclosure on Dues to CRF**

<b>Description</b>	<b>Amount</b>
	<b>Kshs</b>
Opening Dues to CRF	28,750,605
Increase/Decrease in Dues to CRF	15,298,475,649
<b>Closing Dues to CRF</b>	<b>15,327,226,254</b>



**6. APPENDICES**

**Appendix 1: Progress on follow up of prior Year Auditor Recommendations**

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

Reference no.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Lack of Ageing Analysis Listing of Revenue in Arrears	As of 30 June, 2024, the land rates balance as per current revenue collection system, Nairobi Pay, stood at Kshs. 1,509,346,118,578 whose ageing analysis was attached. The County keeps on developing and improving the system using ICT technical capacity that solve all system issues.		
2	Variance Between Reported Revenue and Transaction Schedules	The County transactions for the OSR amounting to Kshs. 12,863,144,592 was provided. The three (3) Mpesa transactions totalling Kshs 32,994,754 that could not be traced in the revenue bank accounts were a consolidated figure for 3 days' collection and were actually received in the County bank account, extracts of the statements confirming the same was attached.		
3	Irregular Bank Charges	The County has already communicated with the said Bank requesting for a verification of Bank Charges for April and May 2024 via letter ref REV/CC/124/2024 dated 4th November 2024 which was attached for reference. Further the bank has so far		

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		responded on the same explaining their tariffs and how they charge the County per attached letter dated 11th November 2024		
4	Accumulated Uncollected Ground Rent and Land Rates Arrears and Penalties	<p>Upon scrutiny of County records, the amount provided as Land Rates arrears of Kshs. 1,505,829,973,824 represents total balances including arrears accumulated in the current year while Kshs. 1,504,240,612,353 was in respect to arrears only and therefore the variance Kshs. 1,589,361,471 is as a result of time difference. The County uses Various strategies to recover Land Rates and Ground Rent Arrears which include and not limited to issuance of Demand Notes, Legal Notices, Filing of Court Cases to Recover Owed Rates, listing of plots in arrears in print Media, adverts putting Rental units whose rates are in arrears under Nairobi City County Management until all outstanding rates are paid in full.</p> <p>The outstanding land rates debt of Kshs. 682,060,368 that was noted to belong to the Nairobi County Government is actually owned by both the County and individuals who were allocated parcels of land by Nairobi City County through allotment letters. Some of the properties are owned by the County facilities like schools, hospitals, social halls while the individual properties are county schemes allotted to individuals</p>		
5	Bank Balances Variances Due to CRF	The statement of receipts and disbursements reflects balance due for disbursement as at 30 June, 2024 of Kshs. 1,461,695,056 this balance includes figures from hospital fees and Liquor Fees of Kshs. 1,154,091,268 and Kshs. 270,747,747 whose collections does not go through CRF but managed separately by respective Boards.		

6	Gaps in Single Business Permit Application Number	<p>The gaps are as a result of permit applications made but no payment was done and consequently no permits were issued. When an Application for UBP is paid, its Status moves from an invoice to a record in UBP register and is given a permit number. Therefore, the gaps in the permit numbers is as a result of applications that have not been paid for.</p> <p>The County Executive is conducting a review of its revenue system to ensure that there is full automation of the revenue collection to seal the gaps in the application number sequence. The County will and has initiated the process of collaborating with the Office of the Auditor-General during the entire audit process to grant adequate access rights to the audit team to allow for greater scrutiny that would benefit the County in implementing the audit recommendations that will strengthen controls.</p>		
7	Failure to Provide Ledgers	<p>In the year under review the county collected 12.8b whose ledgers were attached.</p> <p>The County also undertakes to avail access rights to the office of the Auditor-General staff during the period and process of audit to allow them determine the adequacy of transactions contained in the ledgers. Further, the County Executives directed that all necessary information and explanations ought to be provided during the audit to resolve audit matters as required.</p>		
8	Budgetary Control and Performance	<p>The County Governor through the Council of Governors has now engaged the National Treasury to ensure the timely release of funds to the county government in line with the cash disbursement schedules approved by the Senate; and</p>		

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		The County executive has already put in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.		
9	Unresolved Prior Year Matters	The County Executive has already started to implement the Senate recommendations in the Auditor General’s report for the Financial Year 2018/2019 adopted by the Senate to comply with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General. The report of the period ended 30 June, 2024 from the Senate has also been received and the committee is also in the process of implementation.		
10	Failure to Prepare and Submit Nairobi City County Revenue Authority Financial Statements	Although the Nairobi County Revenue Administration Act 2021 was enacted, and the acting Board and Interim C.E.O appointed, the secondment of staff is in the process through the County Public Service Board as per correspondences attached. Therefore, the NCRA has not been fully operationalized and Revenue operations are still under the County Revenue Department and so is the financial statements (ROR) The County Governor is reviewing the necessary measures that will enable operationalization of the Nairobi County Revenue Administration to ensure that it prepares and submit Nairobi City County Revenue Authority Financial Statements		
11	Ownership and Control of the Nairobi Pay System	The County has attached the Technical Support Framework between NCC and ICT Authority has been attached showing the specific terms and conditions of the service, including features, limitations and support obligations. The legal rights and obligations of both parties especially in case of disputes or breaches, the legal rights and obligations of both parties are covered under the NCCG MoU with MoICDE.	Not Resolved	Ongoing



		<p>In addition, the Provisions on how the service provider ensures confidentiality, security measures, handles and protects data in ensuring compliance with Data Protection Act, 2019. This is also provided in the technical support on system security providing the roles in guaranteeing system security.</p> <p>Further, for service levels including uptime guarantees, response time and remedies for non-compliance, the Technical Support Framework indicates that ICTA shall provide 24/7 support for the system and the TSF provides for the roles of each of the parties.</p> <p>The Office of the County Governor gives a commitment fresh directives to obtain evidence of ownership and transmit to the Office of the Auditor-General failure to which harsh administrative actions including reprimand will be taken against the responsible officer(s) who failed to provide documents on the ownership of the revenue system to the auditors during the period of audit including failing to submit satisfactory explanations when required.</p>		
12	Hosting Arrangements of the Nairobi Pay System	<p>For System Hosting – primary, secondary environments, backups MICDE will provide appropriate, adequate and fit for purpose hosting environment to support the operations of the system. This environment will include both primary hosting and secondary hosting (DR site). The environment will provide for production (live site for NCCG), staging (testing for NCCG and development team) and development (for the development team).</p> <p>Data encryption protocols and compliance with Data Protection Act, 2019 especially on data transfer.</p>		

		<p>For encryption, once the customer submits payment for the service on the platform, the payment gateway should encrypt data sent from the customer i.e the customer's private information and sensitive card details to guarantee that the data is passed safely from the customer to the acquiring bank or any other payment channel. It is also provided for in the MoU.</p> <p>For confidentiality and data protection the roles of each party in handling the information and data exchanged or contained in various systems, the adherence to the Kenya Data Protection Act No. 24 of 2019 is key. There are service level agreements on uptime guarantees, incident response and remedies for any breaches.</p> <p>For Scalability and Performance, the technical support framework defines the scope and identifies Facilitation of Development and implementation of other revenue supporting systems.</p> <p>The Office of the County Governor gives a commitment that administrative actions including reprimand will be taken against the responsible officer(s) who failed to provide documents on the Hosting Arrangements of the Nairobi Pay System to the auditors during the period of audit including failing to submit satisfactory explanations when required.</p>		
13	Failure to Provide Configurations of all Payment Channels of the Revenue Management Systems at the Nairobi City County	<p>During the said period, NCC had only two revenue systems that were integrated to bank accounts. These are;</p> <ol style="list-style-type: none"> <li>a. Revenue sure connected to National Bank Account 01071225251100</li> <li>b. Nairobi Revenue System (Nairobi Pay System) connected to Cooperative Bank</li> </ol>		



		<p>Account no. 01141709410000 and 01141232396600 and c. Equity Bank Ac no. 1770279910476 and 1600284509139. The banks were instructed to configure the bank accounts to the revenue system.</p> <p>The County operates with only one revenue system referred to as NairobiPay and is integrated to two bank accounts in cooperative bank and equity.</p>		
14	SBP Payment Records Without Payment Reference Number and Date	<p>A close analysis of the 95 permits said to have missing numbers shows that 74 transactions had reference numbers in the system and attached is the list of the transactions as per Appendix. Through the use of Permit Numbers, we were able to match 74 Permits to their Bank Reference Numbers. The remaining Permits do not have proper descriptions to enable us attach Bank Reference Numbers. The County frequently changes the VPNs to allow access to authorized officers only for control purposes.</p>		
15	<b>Inaccurate Taxpayers' Data</b>	<p>The County Government of Nairobi embarked on a data cleansing exercise to ensure accurate, completeness and validity of our customers' data in our information systems. The exercise is still on going and owing to the multiplicity of revenue streams in the County a Committee appointed to spearhead the exercise started with Land Rates and thereafter shall move to the other streams. The Team has made major strides and all identified gaps, and issues are being addressed as per copies of minutes of meetings attached</p>		
16	Operation with an Outdated ICT Security Policy	<p>NCCG has an updated ICT Policy Act 2024 that was approved by the county Cabinet and presented to the Nairobi City County Assembly. The draft policy is attached and a copy has been submitted to the office of the Auditor-General for audit review and</p>		

		<p>close monitoring on the development, documentation and communication of the policy within the county entity in the subsequent audit cycles.</p> <p>The County will continue to monitor the IT environment to ensure that its IT policy is up to date</p>		
17	Ineffective Systems of Collection of Rent Arrears	<p>The County provides subsidized Houses and Market Stalls for low income residents of Nairobi to uplift lives and livelihoods. Efforts are being made to collect the outstanding arrears of Kshs723,780,207 by Bulk Messaging to Tenants, making phone calls to defaulters, sending Demand notices and eviction notices to tenants, in addition the Nairobi County has a debt collection unit that follows up all debts that are difficult to collect through normal compliance efforts by respective revenue streams. Details of such debts are communicated to the D.C.U. who serve 7 days notices to defaulters and take appropriate action thereafter, in accordance with the law. Other efforts include calling defaulters and media advertisements reminding defaulters to pay.</p>		




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**Name: Tiras W. Njoroge**  
**County Receiver of Revenue**

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

Appendix 2: Statement of Arrears of Revenue as at 30th June 2025

Classification of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 <sup>st</sup> July 2024) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2025 C	Total arrears as at 30 June 2024 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
SUNDRY DEBTORS	711,184,169	-	-	711,184,169	Negotiation/enforcement	90%
RENTAL HOUSES/ MARKET STALLS	723,780,207	276,597,326	-	447,182,881	Joint enforcement	100%
LAND RATES	55,020,466,891	491,975,240	-	54,528,491,651	enforcement	100%
LOADING ZONES- PRIVATE	16,740,000	-	-	16,740,000	negotiation	100%
LOADING ZONES- GOK	755,570,800	-	-	755,570,800	negotiation	100%
OUTDOOR ADVERTISEMENTS & BILLBOARDS	392,911,280	21,176,076	-	371,735,204	enforcement	100%
WAY LEAVES- OTHERS	55,972,130	-	237,754,040	293,726,170	enforcement	100%
WAY LEAVES-KPLC	4,838,400,000	-	806,400,000	5,644,800,000	negotiation	100%
<b>TOTAL</b>	<b>62,515,025,477</b>	<b>789,748,642</b>	<b>1,044,154,040</b>	<b>62,769,430,875</b>		

  
Name Tiras W. Njoroge  
County Receiver of Revenue

  
Name Paul Mwangi  
Head of Revenue Reporting  
ICPAK NO 7278


**Appendix 3: Ageing Analysis of Revenue in Arrears**

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
SUNDRY DEBTORS	-	-	-	711,184,169	711,184,169
RENTAL HOUSES/ MARKET STALLS	-	-	-	447,182,881	447,182,881
LAND RATES	138,130,424	766,545,410	572,989,937	53,050,825,879	54,528,491,651
LOADING ZONES-PRIVATE	-	-	-	16,740,000	16,740,000
LOADING ZONES-GOK	-	-	-	755,570,800	755,570,800
OUTDOOR ADVERTISEMENTS& BILLBOARDS	-	-	-	371,735,204	371,735,204
WAY LEAVES-OTHERS	237,754,040	55,972,130	-	-	293,726,170
WAY LEAVES-KPLC	806,400,000	806,400,000	806,400,000	3,225,600,000	5,644,800,000
<b>Total (agree to statement of arrears above)</b>	<b>1,182,284,464</b>	<b>1,628,917,540</b>	<b>1,379,389,937</b>	<b>58,578,838,933</b>	<b>62,769,430,875</b>

**Appendix 4: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.**

*In the FY 2024/2025 the County did not issue any waivers*

*(PFM ACT section 165 subsection 4, 5)*

 10/12/25

\_\_\_\_\_  
*Sign and date*  
*Accounting Officer*