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REPORT

OF

THE AUDITOR-GENERAL

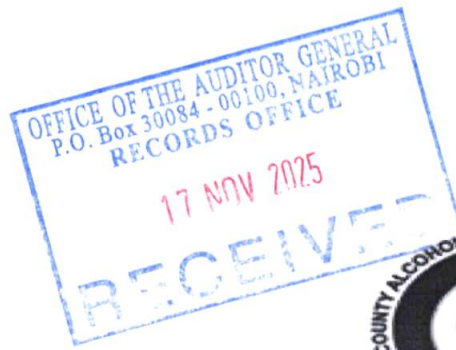
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**NAIROBI CITY COUNTY ALCOHOLIC
DRINKS CONTROL AND LICENSING BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2025**

202



**NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING
BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

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Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| BOM | Board of Management |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| Kshs | Kenya Shillings |
| CECM | County Executive Committee Member |
| CCO | County Chief Officer |
| ADCLB | Alcoholic Drinks Control and Licensing Board |
| NCC | Nairobi City County |
| BHO | Business and Hustler Opportunities |
| CIDP | County Integrated Development Plan |

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

ADCLB was established by and derives its authority and accountability from Nairobi County Alcoholic Drinks Control Act, 2014. The Board is wholly owned by the County Government of Nairobi and is domiciled in Kenya.

The Board's Objectives is to

1. To control and regulate the manufacture, sales, advertisement and consumption of alcoholic drinks
2. To establish rehabilitation facilities and programs for persons' dependent on alcohol on the effect of alcoholism

The Board's principal activity;

- 1) Licensing of liquor outlets
- 2) Carrying out sensitization programs on the negative effects of alcohol
- 3) Establishment of treatment and rehabilitation centers

b) Principal Activities

The vision of ADCLB is to provide a well orderly regulated liquor industry while the mission is to provide leadership, supervise, coordinate and control to ensure compliance of all liquor outlets. The ADCLB mandate is to control, licensing regulation and general administration of the board in the county.

c) Board of Trustees

| Ref | Name | Position |
|-----|----------------------------------|---|
| 1 | Chairperson | Michael Rabar |
| 2 | Other trustees/Committee Members | Judith Nyangi, Francis Waweru, Gabriel Chapia and Joseph Irungu |
| 3 | Board Manager | Maureen Njeri , Dr. Anastasia Nyalita |
| 4 | Board Chief Officer | Zipporah Mwangi, Boniface Nyamu , Godfrey Akumali |
| 5 | Board Director Licensing | Rhoda Otieno |
| 6 | Board Accountant | Clare Kenya |
| 7 | Board Public Health Officer | Mwaka Mwola |

d) Key Management team

| Ref | Name | Position |
|-----|--------------------------|-----------------------|
| 1 | Board Manager | Dr. Anastasia Nyalita |
| 2 | Board CCO | Godfrey Akumali |
| 3 | Board Director Licensing | Rhoda Otieno |

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

| | | |
|---|------------------|-------------|
| 4 | Board accountant | Clare Kenya |
|---|------------------|-------------|

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|----|--|-----------------|
| 1 | Directorate Internal Audit | Francis Njoroge |
| 2 | Staff car Mortgage and car Loan Advisory Committee | N/A |

f) Registered Offices

P.O. Box 30037
Weight and Measure Complex
POPO Road
Nairobi, KENYA

g) Board Contacts

Telephone: (254) 0202182114
E-mail: info@nairobi.go.ke
Website: www.nairobicitycounty.go.ke

h) Board Bankers

- i) Co-operative Bank of Kenya
Account Number 01141230914900
City Hall Branch
City Hall Way
P.O. Box 44805
City Square 00200
Nairobi, Kenya

Key Entity and Management (Continued)

j) Independent Auditors

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

k) Principal Legal Adviser

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

l) County Attorney

County Attorney

City Hall 1st floor Room 120

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

3. Board of Trustees

| Name | Details of qualifications and experience |
|---|---|
|  Michael Rabar | <p>Michael Rabar - Board Chair Chairperson to the Board Date of Birth: 1970 Qualifications: B.Sc., diploma in audio engineering, advance management programme Independent member Work experience with over 16years</p> |
|  Judith A. Omondi | <p>Judith A. Omondi - Vice Board Chair Qualifications: Diploma in Community Development Independent member, work experience over 15 years</p> |
|  Gabriel Chapia | <p>Gabriel Chapia - Board Member Date of Birth:1983 Qualifications: MA in communication Studies, diploma in information management Independent member Work experience over 16 years</p> |
|  Francis Waweru | <p>Francis Waweru - Board Member Date of Birth: 1970 Qualifications: B.A Land economics, diploma in valuation and estate management Independent member Work experience over 15 years</p> |
|  Joseph Irungu | <p>Joseph Irungu - Board Member Date of Birth: 1986 Qualifications: Community Development Independent member Work Experience over 10 years</p> |
|  Rhoda Otieno | <p>Rhoda Otieno - Secretary to the board Date of Birth: 1983 Qualifications: Master's Degree Executive member Work experience over 14 years in Administration</p> |

4. Management Team

| Name | Details of qualifications and experience |
|--|--|
| <p>Dr. Anastacia Nyalita</p>  | <p>Board Manager- Dr. Anastacia Nyalita CECM - BHO Date of birth: 1969 Qualifications: B. Pharmacy, Masters in Business Administration. Management experience 30 years in Technical, Leadership and Governance</p> |
| <p>Godfrey Akumali</p>  | <p>Chief Officer BHO - Godfrey Akumali Accounting Officer of the Board Date of birth: 1985 Qualifications: BA Public Administration & Political Science, Certification in Leadership & Change Management Executive member Work experience: 15 years in Public administration and Management</p> |
| <p>Rhoda Otieno</p>  | <p>Director Liquor- Rhoda Otieno To implement the board decisions and other liquor operations. Date of Birth: 1983 Qualifications: Master's Degree Executive member Work experience with 14 years in Administration</p> |
| <p>Clare Kenya</p>  | <p>Assistant Director Accounting Services- Clare Kenya In charge of Financial Reporting Date of Birth: 1974 Qualifications: B. Com (Accounting), CPA(K)CPS(K) Work Experience with over 18 years in Finance</p> |
| <p>Mwaka Mwola</p>  | <p>Assistant chief public health officer- Mwaka Mwola In charge of liquor programme Date of Birth: 1967 Qualifications: Higher National Diploma in Epidemiology Work experience with 20 years in Public health.</p> |

5. Board Chairperson's Report

The Nairobi City County Alcoholic Drinks Control and Licensing Board (NCCADCLB), established under the Nairobi City County Alcoholic Drinks Control and Licensing Act of 2014, is entrusted with the critical mandate of regulating, licensing, and ensuring compliance of all alcohol-related enterprises within the jurisdiction of Nairobi's 17 sub-counties. In the period under review, the Board continued to execute its statutory functions with diligence, despite encountering both legal and administrative constraints.

During the Financial Year 2024/2025, the Board, through its Secretariat, sustained the maintenance of a comprehensive and updated registry encompassing all duly licensed alcoholic beverage outlets. This registry includes a wide array of establishments such as retailers, bars, clubs, nightclubs, and hotels. In a significant stride towards modernization and efficiency, the Board successfully rolled out a digital licensing system. This innovation has facilitated real time compliance verification, streamlined the issuance of license renewal notifications, and enabled more effective tracking and identification of unlicensed operators.

On the fiscal front, the Board projected the collection of substantial revenue through licensing fees and fines, thereby contributing to the county's overall fiscal health. These Boards have been pivotal in supporting a range of public interest initiatives. Notably, the Board has continued to finance awareness campaigns advocating for responsible alcohol consumption, while concurrently engaging in youth centered programs and activities aimed at harm reduction and community empowerment.

In the reporting year, the Board successfully organized and facilitated twenty-four (24) public sensitization forums across Nairobi County. These engagements were executed through diverse platforms, including stakeholder consultations, town hall meetings, and community based events. The Board also took an active role in public outreach during major events such as the Nairobi Festival 2024, the Nairobi International Trade Fair 2024, the International Day Against Drug Abuse and Illicit Trafficking, Customer Service Week, soccer tournaments, and various talent search initiatives.

A portion of the license generated revenue was earmarked for support to rehabilitation facilities, underscoring the Board's commitment to the reintegration and wellness of individuals affected by substance dependency. Among the facilities supported was the Sinai Outpatient Rehabilitation Centre. Additionally, the Board has made notable progress in the construction of a second rehabilitation clinic in Mutuini, located in Dagoretti South Sub-county.

However, the Board's operations were not without challenges. In a ruling delivered on March 6, 2025, the High Court declared Sections 43 and 44 of the Alcoholic Drinks Control Act provisions that had established a special licensing Board, as unconstitutional, citing violations of national budgeting and transparency requirements. As a result, all proceeds initially earmarked for the special Board were redirected to the Nairobi City County Revenue Board, posing constraints on the Board's ability to independently allocate resources.

There were changes to the board in the financial year in review. An additional board member was added his name is Joseph Irungu.

Nairobi City County Alcoholic Drinks Control and Licensing Board
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Despite these institutional and legal impediments, the Board has made significant strides in advancing its core mandates of licensing, enforcement, public education, and rehabilitation support. It remains steadfast in its commitment to upholding responsible alcohol regulation, enhancing compliance among operators, supporting rehabilitation infrastructure, and optimizing revenue generation in alignment with the law and broader county development objectives.

Name: Michael Reber Signature:  Date: 31ST JULY 2025

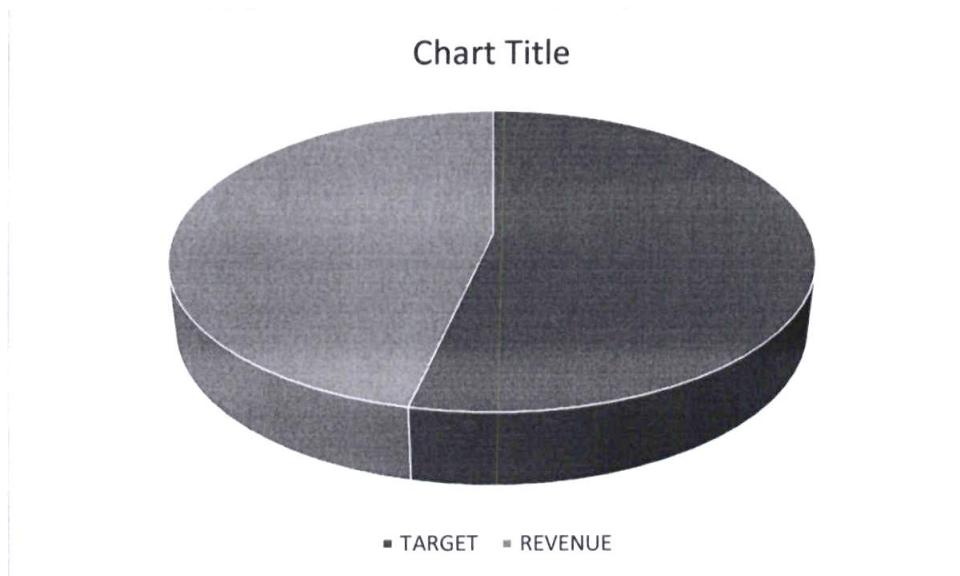
Chairperson of the Board

6. Report of The Board Administrator

Budget Performance

In the year of review, the Board manage to raise kshs 338,270,716 against a target of kshs 389,000,000 which translates to a percentage of 87%.

REVENUE COLLECTION F/Y 2024-2025



Physical Progress Overview

A. Outputs (Tangible Deliverables)

These are direct products of the Board's activities:

1. Licensing and Regulation

- Over **4,000 liquor licenses** processed annually, enabling efficiency and transparency.
- Mapping and geofencing of over **9,000 outlets** across the 17 sub-counties.

2. Public Sensitization Campaigns

- Conducted **17 public sensitization activities** in 2024/2025 alone.
- Hosted **5 stakeholder forums** to engage civil society, law enforcement, and business owners.
- Participation in **5 county-wide events**, e.g., Nairobi International Trade Fair, Governor's Cup, and Street Festivals.

3. Compliance and Enforcement

- Formation of multi-agency enforcement units.
- Routine inspections carried out in all sub-counties.
- Closure and suspension of over **300 non-compliant premises** since 2022.

4. Rehabilitation & Community Engagement

- Partnered with 3 rehabilitation centers.
- Supported over **1,200 individuals** through community-based referrals and outreach.
- Marked key global days such as **IDADA (26th June)** and held outreach events in Mathare, and Sinai respectively.

B. Outcomes (Short-to-Medium Term Results)

These reflect changes triggered by the outputs:

1. Improved Compliance

- Increase in voluntary license renewals and new applications by over **30%** since 2021.
- More than **85% of outlets** now meet minimum public health and safety requirements.

2. Reduced Alcohol-Related Incidents

- Coordination with county health services and police saw a **12% decrease in alcohol-related emergency cases** in public hospitals (2023–2024).

3. Enhanced Community Awareness

- Community attitudes towards alcohol misuse have shifted, with notable youth engagement through events like talent searches and beauty pageants.

4. Capacity Building

- Trained over **200 enforcement officers** and sub-county liquor committees.

C. Impacts (Long-Term, Transformational Changes)

These are broader societal changes attributable to sustained Board efforts:

1. Public Health Improvement

- Longitudinal data indicates a **gradual decline in substance abuse prevalence**, especially in informal settlements.
- Better management of mental health and alcohol dependency cases through integration with public health programs.

2. Economic Regularization

- Revenue from licenses and fines contributes to county development Boards.
- Formalization of previously illegal or informal outlets has created sustainable employment for over **1,000 residents**.

3. Policy Influence

- The Board has initiated amendments to the Alcoholic Drinks Control Act, aligning local laws with emerging national standards.
- Developed Nairobi city county bars and night clubs zoning policy, 2024.

Challenges

- Inadequate Boarding for community-based rehabilitation services.

- Interests and interference in enforcement activities.
- Resistance from unlicensed vendors in high-density areas.
- Gaps in inter-agency collaboration and judiciary follow-through on prosecutions.

Recommendations

1. Strengthen partnerships with CSOs and faith-based organizations for community rehabilitation.
2. Increase budget allocation for awareness and treatment programs.
3. Roll out the proposed Alcohol Policy for Nairobi City County.
4. Establish a centralized data system for monitoring alcohol-related trends.

Conclusion

The Nairobi County Liquor Board has made significant physical progress since its formation. Through regulatory reforms, robust enforcement, community sensitization, and inter-sectoral collaboration, the Board has laid a strong foundation for curbing alcohol misuse and enhancing public safety. Continued commitment, political goodwill, and resource investment are essential to sustain and scale this progress.

COMMENTS ON IMPLEMENTED PROGRAMS BY THE BOARD

1. Licensing and Regulation

The implementation of a digital licensing system has enhanced service delivery by reducing turnaround time and increasing transparency. Mapping and geofencing of alcohol outlets have allowed targeted compliance checks. The automation has improved accountability and reduced physical congestion at licensing offices.

2. Public Sensitization Campaigns

Through targeted forums, talent-based engagement, and countywide events, the Board has reached diverse demographic groups. These activities have increased awareness of responsible alcohol consumption and strengthened community collaboration. Tailoring messaging through youth-focused events has proven effective.

3. Compliance and Enforcement

The multi-agency enforcement approach has led to successful crackdowns on illicit outlets. Consistent field inspections have improved voluntary compliance among vendors. Collaboration with security and health departments has ensured well-coordinated operations.

4. Rehabilitation & Community Engagement

By working with rehabilitation centres and integrating substance use awareness in community forums, the Board has successfully supported recovery pathways. Events like the Sinai outreach and IDADA celebration have fostered community resilience and reduced stigma.

VALUE FOR MONEY ACHIEVEMENTS

- The shift to digital licensing has led to cost savings in administrative processes and increased own-source revenue.
- Public events have had high impact with modest budgets by leveraging partnerships and volunteer efforts.
- Strategic enforcement has reduced expenditure on prolonged legal processes by fostering preventative compliance.
- Community-based sensitization has yielded long-term social benefits at a lower per capita cost than institutional campaigns.

IMPLEMENTATION CHALLENGES OF STRATEGIC OBJECTIVES

1. Inadequate Boarding for rehabilitation support and sustained outreach activities.
2. Political interference during enforcement has compromised impartiality.
3. Resistance from unlicensed traders, especially in informal settlements.
4. Limited data management systems to track long-term behavioral trends.
5. Coordination gaps with judiciary, affecting prosecution of defaulters.

FUTURE OUTLOOK AND BUDGETARY CONSIDERATIONS (FY 2025/2026)

Projected Programs:

- Expansion of digital systems to include monitoring and reporting tools.
- Establishment of Ward-based alcohol education champions.
- Launch of a county-wide rehabilitation referral system.
- Scaling up youth-focused campaigns using art, sport, and talent shows.
- County Alcohol Control Policy finalization and rollout.

Budget Allocation:

- Licensing and Compliance: KES 70 Million
- Sensitization and Outreach: KES 45 Million
- Rehabilitation Support: KES 30 Million
- ICT Systems Upgrade: KES 20 Million
- Staff Capacity Building and Coordination: KES 15 Million

KEY RISK MANAGEMENT STRATEGIES

1. **Legal and Regulatory Compliance:** Continuous training on evolving laws for enforcement officers.
2. **Financial Risk Mitigation:** Internal audits, digitization of payments, and budgetary controls.
3. **Operational Risk:** Multi-agency frameworks and rapid response teams.
4. **Reputational Risk:** Transparent communication strategies and stakeholder engagement.
5. **Strategic Risk:** Annual review of objectives to adapt to changing alcohol consumption trends.

7. Statement of Performance Against the County Board's Predetermined Objectives

Introduction

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

The key development objectives of the Board as per the strategic plan / CIDP for 2022-2027 are to:

- Conduct Sensitization programmes
- Regulate and control liquor issuance of licenses
- Construction of block of offices for liquor headquarters
- Establish a rehabilitation center
- Carry out inter-agency enforce

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

Progress on attainment of Strategic development objectives

Liquor Licensing

| Programme | Key Output | Activities | Key Performance Indicators | 2024/2025 | |
|---------------------------------|---|---|--|-----------|-------------------|
| | | | | Target | Est. Cost (KSh M) |
| Liquor Licensing Board | Reduction in Alcoholism | Conduct education fora | No. of education fora held. | 80 | 80 |
| | | Undertake school-based programmes | No. of school-based programmes undertaken | 22 | 22 |
| | | Carry out research on alcoholism | No. of researches on alcoholism done | 1 | 25 |
| | | Undertake work place programmes | No. of Work place programmes activities undertaken | 10 | 10 |
| | | Promotion of rehabilitation programmes | No. of rehabilitation programmes done | 1 | 20 |
| | Improved work environment and safety | Construction of a block of offices for liquor Headquarters. | No. of offices constructed/refurbished | 1 | 30 |
| | Enhanced Leadership and management Skills | Conduct staff trainings | No. of Trainings conducted | 6 | 35 |
| | Improved performance in alcoholic drinks control | Review of the liquor Act and formulation of liquor policies | No. of Legislations/Policies | 0 | 0 |
| | Increased compliance with liquor laws and regulations | Issuance of Liquor licenses. | No. of Liquor licenses issued. | 7,250 | 70 |
| | Increased in collaboration with other Government agencies | Carry out inter-agency enforcement operations | No. of inter-agency operations | 12 | 10 |
| Conducted inter-agency meetings | | No. of inter-agency meetings conducted | 12 | 6 | |
| | Sub Total Liquor Licensing | | | | 308 |

8. Corporate Governance Statement

Since Corporate Governance also provides the framework for attaining board's objective, it encompasses practically every sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

The board governance is important since it shows the board direction and business integrity. Good governance helps the board build trust with stakeholders and community. As a result, governance helps promote financial viability by creating a long term investment opportunity for market participants.

It is based on the above that Nairobi City County Alcoholic Drinks Control and Licensing Board Act 2014 establishes the sub-county committees to implement activities to enhance and facilitate accountability, transparency, fairness and responsibility.

(1) The Alcoholic Drinks Control Board functions are:

- In collaboration with other relevant county and national government agencies establish treatment and rehabilitation facilities and programmes for person's dependent on Alcoholic drinks in each sub-county.
- Ensure that the treatment and rehabilitation services are designed in a manner that is accessible and affordable to person's dependent on alcoholic drinks.
- Support and facilitate sub-county committees in carrying out their functions.
- Carry out public education on alcoholic drinks control in the county directly and in collaboration with the public or private bodies and institutions.
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance to framework for citizen's participation established under the County Government's Act, the urban areas and cities or any other relevant written law.
- Facilitate and promote in collaboration with other county and national government institutions the establishment of treatment and rehabilitation facilities and programmes.
- Develop in collaboration with other county and national government departments strategies and plans for implementing this act and control alcohol abuse and any other relevant national legislation and coordinate and support their implementation, while the sub-counties committee's functions are:

a) Recommend to the county board the issuance of licenses in accordance with Act.

b) Perform such other functions as may, from time to time be assigned to it by the county board.

(2) The sub-county committee may, in discharge of its function under this Act, make inspection or other visits to the premises at such time as it may deem appropriate

(3) In carrying out its function, the sub-county committee shall:

a) Ensure that there is effective public participation in accordance with the framework for citizen's participation established under the county government's Act, the urban areas and cities Act or any other relevant written law.

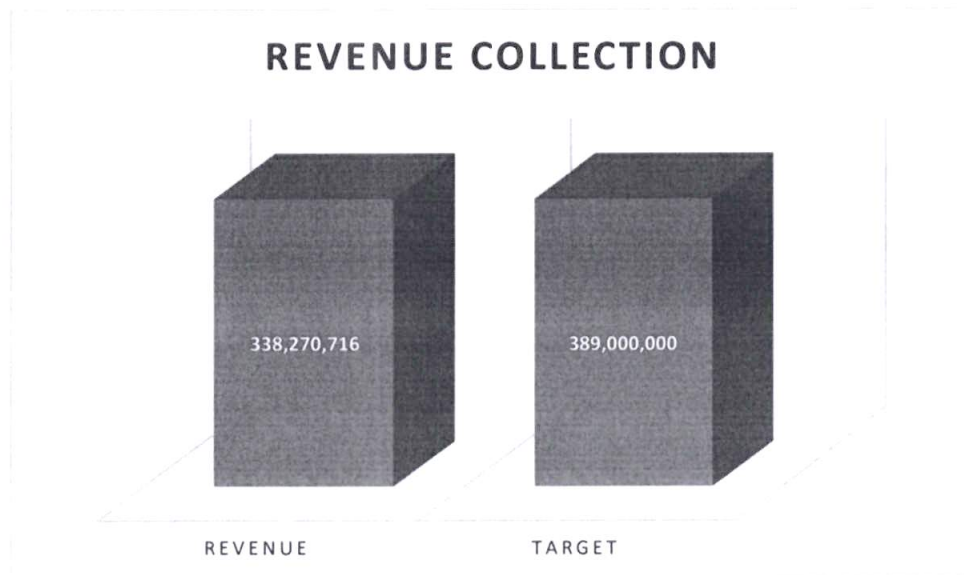
b) Collaborate with similar committee in other counties for effective implementation of the Act.

The Board is appointed by His Excellency the Governor for tenure of 3 years.

Meetings of the board are held on quarterly basis, members of are usually taken for induction after they have been appointed.

9. Management Discussion and Analysis

The Nairobi City County Alcoholic Drinks Control and Licensing Board is established under the Nairobi Alcoholic Drinks Control Act 2014. The board is administered through a secretarial lead by a board manager and other members drawn from relevant departments. The utilization of the board fund is also guided by the ADCLB Act, 2014.



During the financial year under review 2024-2025 a total of Kshs. 338,270,716 was collected this was an increase in comparative to last financial year collection of kshs 270,747,747.

10. Environmental and Sustainability Reporting

Nairobi City County Alcoholic Drinks Control and Licensing Board exist to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is found on the pillars: putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievement in each pillar;

1. Sustainability Strategy and Profile

Ensure we create public awareness education on dangers of excessive consumption of alcohol and sustain constant rehabilitation for those affected.

2. Environmental performance

At the moment we don't have an environmental policy but is something that the management is working on.

3. Employee welfare

Handled by Human Resource Management being one of its core function.

4. Market place practices

a) Responsible competition practice.

The section has a well-established procurement office which deals with the procurement of goods and services. Suppliers are properly vetted and given an equal chance to competitive bidding.

b) Nairobi City County Alcoholic Drinks Control and Licensing Board is a corruption free environment.

c) In safe guarding the rights of the citizens we at liquor Board listen to them and make their opinion matter.

5. Community engagement

Engage the youth through sports and sensitization programmes.

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Board affairs.

Principal activities

The principal activities of the Board are

- 1) Licensing of liquor outlets
- 2) Carrying out sensitization programs on the negative effects of alcohol
- 3) Establishment of treatment and rehabilitation centers

Results

The results of the Board for the year ended June 30, 2025 are set out on page 1-7.

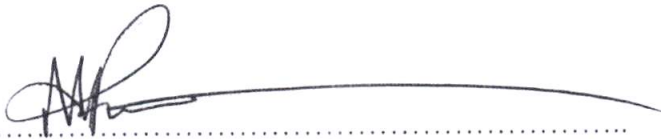
Trustees

The members of the Board of Trustees who served during the year are shown on page vi. The changes in the Board during the financial year are as shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

Chair of the Board

Date: 31st JULY 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Board established by ADCLB Act, 2014 shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Board is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 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 financial position of the Board; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Board accepts responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and ADCLB Act, 2014. The Administrator of the Board is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2025, and of the Board's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Administrator of the County Public Board has assessed the Board's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Board's financial statements were approved by the Board on 31st JULY 2025 and signed on its behalf by:


.....
Name: Godfrey Akumali
CCO-BHO


.....
Name: Rhoda Otieno
Director Liquor

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in 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.
- 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 financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial 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 financial statements of Nairobi City County Alcoholic Drinks Control and Licensing Board set out on pages 1 to 42, which comprise the

Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30 June, 2025

statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of change in net assets, 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 matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of Nairobi City County Alcoholic Drinks Control and Licensing Board 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) and comply with the Nairobi City County Alcoholic Drinks Control Act, 2014 and the Public Finance Management Act, 2012 .

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inconsistencies;

1.1 Statement of Changes in Net Assets

As previously reported, the statement of changes in net assets reflects a balance of Kshs.14,811,380 as at 30 June, 2023 which excludes prior year's adjustment of Kshs.686,334,311 relating to revenue collected since 2015/2016 financial year. However, the expenditure arising from the revenue was not supported with payment vouchers and other supporting documents.

1.2 Statement of Financial Position

The statements of financial position reflect receivables from CRF balance of Kshs.52,406,072 as disclosed in Note 19 to the financial statements. However, the amount was not reported in the County Revenue Fund financial statements under payables. Further, the balance was not analysed or supported with respective ledgers.

In addition, the statement reflects property, plant and equipment balance of Kshs.64,534,189 as disclosed in Note 22 to the financial statements. Audit review of the fixed assets and the asset register revealed that the Board's assets had not been tagged for identification and tracking.

The asset register provided also included a project in Mutuini Rehabilitation of Kshs.14,302,903 with a contract sum amounting Kshs.20,590,440 which had not been completed and was not disclosed under work in progress. No explanation was provided for the omission. In addition, policies and procedures on asset management had not been established.

1.3 Statement of Financial Performance

The statement and Note 12 to the financial statements revealed that expenditure on use of goods and services rose from Kshs.208,952,025 (2023-2024) to Kshs.360,518,299 by Kshs.151,568,274 or by 73% during the year under audit with the highest expenditure of Kshs.82,992,866 or 23% incurred on foreign travel. No justification was provided by Management for the significant increase.

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

2. Unsupported Payments and Procurement

The statement of financial position reflects property, plant, and equipment balance of Kshs.64,534,189 as disclosed in Note 22 to the financial statements. Included in the amount is additions during the year totalling Kshs.29,505,509. However, audit review of the procurement documents revealed the following anomalies';

- i. Withholding tax on VAT was not deducted while the paid for items could not be traced in the asset register.
- ii. Physical inspection conducted in the month of September, 2025 revealed delays in delivery of procured assets, in some cases delivery and inspection reports were not provided, while some of the procured assets lacked model/serial numbers.
- iii. The County awarded the tender for the construction of the 2nd Public Rehabilitation Centre (Methadone) - Mutuini Level 4 Hospital at a contract sum of Kshs.20,590,440. However, site hand over reports or site meeting minutes were not provided, while the contractor did not submit material approval certificates. In addition, the site instructions from resident engineer or supervision reports, project correspondence files and evidence of project monitoring were not provided for audit verification.

In the circumstances, the accuracy and completeness of property, plant, and equipment balance of Kshs.64,534,189 could not be confirmed.

3. Misclassification of Financial Statements Balances

The statement of financial performance reflects use of goods and services amount of Kshs.360,518,299 as disclosed in Note 12 to the financial statements. Review of records provided revealed the following inconsistencies;

3.1 Other Operating Expenditure Vote and Cash Procurement

The use of goods and services amount of Kshs.360,518,299 includes an amount of Kshs.39,917,835 in respect to other operating expenses. However, out of this amount, expenditure totalling Kshs.15,780,420 relate to other vote heads hence overstating the vote by the same amount. Further, expenditure totalling Kshs.1,525,000 was issued in form of imprests and was spend through cash procurement via payment voucher No.

78884 of Kshs.825,000 and payment voucher No. 78883 of Kshs.700,000. The expenditure was expensed directly to the payee instead of being issued through imprest warrants. In addition, the cash transactions were supported with cash sale receipts without Electronic Transmission Receipts (ETR).

3.2 Foreign Travel and Subsistence Allowances

The use of goods and services amount of Kshs.360,518,299 as disclosed in Note 8 to the financial statements which includes an amount of Kshs.82,992,866 in respect to foreign travel and subsistence allowances. However, a detailed review of the payment schedules, supporting documents and ledger revealed that expenses totalling Kshs.74,197,016 or 89% of the foreign travel expenditure relates to local travel, service providers, sensitization programs, conference facilities and supplies. The misclassification led to a significant overstatement of foreign travel expenditure.

3.3 Field Allowances Expenditure

The use of goods and services amount includes expenditure of Kshs.2,700,000 in respect to field allowances. However, analysis of the payment schedules presented for audit review revealed that expenses totalling Kshs.3,040,000 in respect to field allowances were classified under other operating expenses

In the circumstances, the accuracy and completeness of the use of goods and services expenditure totalling Kshs.360,518,299 could not be confirmed.

4. Inconsistencies in Revenue from Licenses

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects revenue from licences amount of Kshs.338,270,716. Review of records provided revealed the following;

4.1 Under Collection of Projected Own Source Revenue

Review of license records for the year under review revealed that the Board collected a total of Kshs.1,500,000 from three manufacturers of alcoholic products, namely Brewer 1 Kshs.1,000,000, Brewer 2; Kshs.250,000, and Breweries 3; Kshs.250,000. However, had the provisions of the enabling Act been fully enforced, the Fund would have realized revenue amounting to Kshs.35,500,000 resulting in a revenue shortfall of Kshs.34,000,000 as indicated in the table;

| Manufacturer | Number of Products | Expected Revenue (Kshs.) | Collected Revenue (Kshs.) | Variance (Kshs.) |
|---------------------|---------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| Brewer 1 | 35 | 35,000,000 | 1,000,000 | 34,000,000 |
| Brewer 2 | 3 | 750,000 | 250,000 | 500,000 |
| Brewer 3 | 5 | 1,250,000 | 250,000 | 1,000,000 |
| Total | | | 1,500,000 | 35,500,000 |

4.2 Spending Collected Revenue at Source

Examination of the revenue collection account held at a local bank revealed that only Kshs.44,120,555 was deposited into the County Revenue Fund on 19 June, 2025. The balance of the collections of Kshs.294,150,161 was spent at source, from the collection account. Spending the revenue collected at source without remitting to CRF exposes the Board to misuse of public resources, unaccountability and lack of transparency.

4.3 Unsupported Revenue Balances

The revenue from licenses totalling Kshs.338,270,716 as disclosed in Note 8 to the financial statements relates to revenue from various streams. However, the amount disclosed was not supported with the respective detailed ledgers or schedules to confirm accuracy and completeness of the revenue amount. Further, during the previous year, the Board engaged a consultancy to carry out liquor outlet registration. The consultant's report identified 15,387 outlets with a potential revenue of Kshs.745,597,000. However, the County Government collected only Kshs.338,270,716, leaving an amount of Kshs.407,326,284 uncollected. No evidence was provided to justify the shortfall. Further, 172 licenses with cumulated revenue of Kshs.9,055,456 had their serial numbers missing and not accounted for.

4.4 License Revenue not Receipted or Reconciled

Documents provided for audit on license revenue revealed that total license fees collected amounted to Kshs.258,169,000, while the financial statements under Note 8 reflects revenue amount of Kshs.338,270,716, resulting to an unreceipted and unreconciled variance of Kshs.80,101,716. Further, license revenue amounting Kshs.52,406,071 was reported as transfers to the County Revenue Fund during the year under review. However, audit examination of the Board's revenue collection account and the corresponding County Revenue Fund (CRF) bank statements revealed that only Kshs.44,120,555 was confirmed as received in the CRF on 19 June, 2025 resulting to an unexplained and unreconciled variance of Kshs.8,285,516.

4.5 Lack of Access to Legacy Licensing System Data After System Transition

The County operated an internally developed system to manage license applications and approvals. In the course of the year, licensing operations were transferred to the County ERP system, Nairobi Pay, however, no data was migrated from the legacy system to Nairobi Pay. The legacy system records were not accessible to audit, as a result, it was not possible to verify the completeness, accuracy and validity of license applications and approvals that had been processed before the transition.

In the circumstances, the accuracy, authenticity and completeness of revenue from licenses amount of Kshs.338,270,716 could not be confirmed.

5. Unaccounted for Transfers from the Alcoholic and Licensing Board

Review of the Board's bank statements revealed that amounts of Kshs.3,330,028 and Kshs.4,955,488 were transferred to the County Revenue Fund (CRF) on 23 June and 30 June, 2025 respectively. However, scrutiny of the County Revenue Fund (CRF) and

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Receiver of Revenue (ROR) bank statements revealed that the transactions could not be traced in either account. Further, credit advices, transfer instructions or acknowledgment receipts were not provided to support the transfers. The absence of corresponding entries in the CRF and ROR accounts and lack of supporting documentation casts doubt on the authenticity of the reported remittances.

In the circumstances, the completeness, accuracy, regularity and accountability of transfers totalling Kshs.8,285,516 could not be confirmed.

6. Irregular Payment of Daily Subsistence and Travel Allowances

The statement of financial performance reflects expenditure on goods and services of Kshs.360,518,299, as disclosed in Note 12 to the financial statements. Included in this amount is domestic travel, subsistence allowance, accommodation and travel costs totalling Kshs.70,909,498.

Review of payment vouchers and supporting documents revealed the following anomalies:

- i. Imprest surrenders totalling Kshs.36,909,500 were not supported with imprest warrants, making it difficult to authenticate imprests committed during the year.
- ii. Payment voucher No. 78579 of Kshs.5,481,000 on joint workshop in Mombasa had the workshop budgeted for 80 persons, while the attendance sheets indicated 95 attendees. Further, the breakdown of per diems and transport was not provided and payment voucher lacked supporting work tickets or transport documentation.
- iii. Payment voucher No. 6877 of Kshs.4,983,000 on liquor license system workshop had transport of Kshs.1,540,000 not supported. Further, the rates of Kshs.30,000 and Kshs.20,000 paid to staff were not based on approved scales and no back-to-office report or work tickets were provided.
- iv. Payment voucher No. 78613 of Kshs.611,500 on evaluation committee in Nakuru revealed that although the evaluation exercise was conducted in Nakuru County, no justification was provided for holding the activity outside Nairobi while the ground transport costs of Kshs.160,000 lacked support.
- v. Payment voucher No. 78579 of Kshs.5,481,000 on Annual Development Plan Workshop had letters indicate eighty (80) participants, while the Authority to Incur Expenditure (AIE) memo approved ninety-five (95) participants. Further, the expenditure was incurred for both the County Executive and the County Assembly despite Treasury memo stating that only conference costs were to be met centrally and travel allowances invoiced separately by sectors. In addition, the transport rates used were not approved.
- vi. Payment voucher No. 78774 of Kshs.3,522,900 on Joint PAC Workshop in February, 2025 revealed that Authority to Incur Expenditure memo was dated after the event had taken place. Further, the attendance list, program, workshop reports, work tickets, or back-to-office reports were not provided and the activity was not in the annual work plan.

- vii. Payment voucher No. 78770 of Kshs.2,400,000 on Joint PAC Workshop in February, 2025 was not supported with attendance sheets, program, back-to-office reports, or work tickets. Further, authority to incur expenditure memo was dated on the last day of the event and the breakdown of per diems or transport rates was not provided.

In the circumstances, the accuracy, regularity and completeness of the expenditure on domestic travel and subsistence of Kshs.70,909,498 could not be confirmed.

7. Irregularities Under the Use of Goods and Services

The statement of financial performance reflects expenditure on goods and services of Kshs.360,518,299 as disclosed in Note 12 to the financial statements. Audit review of sampled payments revealed the following anomalies:

7.1 Unauthorized Domestic Travel Subsistence Allowance

The expenditure includes domestic travel subsistence amount of Kshs.70,909,498. However, review of sampled payment vouchers amounting to Kshs.28,118,000 presented for audit review revealed that the vouchers were not authorized by the AIE holder. Further, payment vouchers amounting to Kshs.7,324,400 were not adequately supported by workshop program, attendance sheet, official invitation letter, back to office reports, bus work tickets.

7.2 Inflated Participant Numbers and Unsupported Expenditure

Review of payment vouchers No. 78594 of Kshs.2,430,000, No. 78595 of Kshs.4,047,000 and No. 78512 of Kshs.6,088,000 for joint workshops between the Liquor Board and the County Assembly to discuss the Liquor Amendment Act in September and November, 2024 revealed that, the Authority to Incur Expenditure (AIE) memo NCC/ADCLB/RO/458/2024 dated 11 November, 2024 authorized allowances for 78 persons at a cost of Kshs.6,477,000. However, the attached attendance list had only 63 persons. Officers were also paid different per diem and transport rates despite attending the same five-day workshop. No justification or policy was provided for these variations.

7.3 Unsurrendered Imprest

The expenditure includes catering services, accommodation, gifts, foods and drinks of Kshs.4,867,500 out of which Kshs.2,670,000 for issued imprest was not supported by surrender documents to account for the funds.

7.4 Unaccounted for Expenditure

Included in the amount is Kshs.10,914,511 relating to contracted professional services out of which Kshs.3,999,994 was expended without adequate supporting documentation.

In the circumstances, the accuracy, regularity, completeness and validity of goods and services expenditure of Kshs.360,518,299 could not be confirmed.

8. Unreconciled Cash and Cash Equivalents

The statements of financial position and as disclosed in Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.115,000. Review of the Board cashbook revealed payments totalling Kshs.1,420,000 which were not captured in the bank statement while bank statement withdrawals totalling Kshs.100,000 were not captured in the cashbook which were not reconciled.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.115,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi City County Alcoholic Drinks Control and Licensing Board 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 a comparable basis of Kshs.389,000,000 and Kshs.324,024,282 respectively, resulting to an under-funding of Kshs.64,975,718 or 17% of the budget.

The under-funding affected the planned activities of the Board and may have impacted negatively on 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 effect 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 Matters

In the report of the previous year, several issues were raised under the Report on the Financial Statements, and Report on Lawfulness and Effectiveness in Use of Public Resources respectively. Review of the status during the audit of the Nairobi City County Alcoholic Drinks Control and Licensing Board in 2024/2025 revealed that the following matters remained unresolved.

| | Financial Year | Audit Issue |
|----|-----------------------|---|
| 1 | 2023/2024 | Inaccuracies in the Financial Statements |
| 2 | 2023/2024 | Unconfirmed Depreciation Expense |
| 3 | 2023/2024 | Unaccounted for Expenditure |
| 4 | 2023/2024 | Unsupported Procurements |
| 6 | 2023-2024 | Irregular Payment for Non-Board Activities |
| 7 | 2023-2024 | Uncollected Licensing Revenue |
| 8 | 2023-2024 | Irregular Payment of Monthly Allowance to Board Members |
| 9 | 2023-2024 | Irregular Board and Sub-County Committee Meetings |
| 10 | 2023-2024 | Irregular Payment of Imprest |
| 11 | 2023-2024 | Long Outstanding Payables |
| 12 | 2023-2024 | Irregular Payment of a Consultant |
| 13 | 2023-2024 | Lack of Inventory Policy |

Other Information

The Management is responsible for the Other Information set out on pages iii to xxi which comprise of Key Entity Information and Management, the Board of Directors, Key Management Team, Chairman's Statement, Report of the Fund administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board and Statement of the Board Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Nairobi City County Alcoholic Drinks Control and Licensing Board 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 no 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. Non-Compliance on Presentation and Disclosures in the Financial Statements

Review of the financial statements under Annex 1 on progress on follow up of prior year Auditor-General's recommendation revealed that Management has not disclosed all the issues, resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular.

In the circumstances, the annual reports and financial statements were not prepared in accordance with prescribed Public Sector Accounting Standards Board reporting template.

2. Irregular Expenditure on Office Standing Imprests

The statement of financial performance reflects use of goods and services amount of Kshs.360,518,299 as disclosed in Note 12 to the financial statements which include other operating expenses of Kshs.39,917,835. However, analysis of the payment schedules presented for audit review, revealed that expenses totalling Kshs.1,050,000 were not supported with the guiding policy, cabinet resolution or any other guideline approving the above listed standing imprest.

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

3. Irregular Management of Conference Facilities and Operating Expenses

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects use of goods and services expenditure totalling Kshs.360,518,299. Review of records provided revealed the following anomalies;

3.1 Doubtful Provision of Conference Facility in Mombasa

The use of goods and services expenditure totalling Kshs.360,518,299 include other operating expenses totalling Kshs.39,917,835. However, examination of payment voucher No. 78831 of Kshs.1,924,000 for provision of conference facility revealed that;

- i. Through a memo dated 13 September, 2024 the County Assembly wrote to the County Secretary requesting for a retreat of the Sectoral Committee on culture and community services to be held at Nakuru County on 12 to 18 December, 2024. However, the attached invoice and activity programme was for a retreat in Mombasa held on 12 to 15 February, 2025. No correspondences on the varying dates and venue were presented for audit review. It was therefore not possible to confirm authenticity and existence of the retreat.
- ii. The attendance registers to confirm actual participation during the event was not presented for audit review.

- iii. The attached authority to incur expenditure did not stipulate clearly the hotel where the workshop will take place. Further, the Licensing Board went ahead to contract to offer the conference facility at Mombasa which would inflate the service charges compared to directly contracting for conference services. No explanation was provided contracting the services through a third party.
- iv. The bidders on their quotation documents did not state the hotels against the quoted prices. It was not possible to establish why the Licensing Board signed a contract for conference facility for a workshop of its members without such key information including the place or hotel where the conference will be held. In the absence of such information, value for money could not be confirmed.
- v. The Liquor Licensing Board paid for sixty-five (65) pax being joint workshop between Nairobi City County Assembly Sectoral Committee on culture and community services and Liquor Board. The request for the retreat emanated from the County Assembly through a letter signed by the County Assembly Clerk on 13 September, 2024. The regularity of the expenditure by the Board for 65 pax could not be confirmed since the requisition did not have an attachment of the committee members and any other nominated members to attend the retreat.

3.2 Provision of Conference Facility Services for Five days Workshop and Return Air Tickets

Use of goods and services expenditure totalling Kshs.360,518,299 include other operating expenses of Kshs.39,917,835. However, examination of payment voucher No. 78828 of Kshs.2,785,500 for provision of conference facility revealed the following irregularities;

- i. The professional opinion presented for audit review had inconsistent information with the payment voucher description and payee details exhibiting a doubtful procurement process for the services.
- ii. The attached report stipulated clearly that the workshop took take place in a Hotel. However, the list of prequalified hotels by the County was not provided for audit review and therefore it was not possible to confirm the regularity of how the hotel was sourced. Further, the County went ahead to contract a contractor to offer the conference facility services at the hotel which would inflate the service charges in comparison to contracting the hotel directly. No explanation was provided to support value for money by contracting through a third party.
- iii. The bidders on their quotation documents did not state the hotels against the quoted prices. It was not possible to understand how the Licensing Board would sign a contract for conference facility for a workshop of its members without such key information as the place or hotel where the conference will be held. In absence of such information, value for money could not be confirmed.
- iv. The professional opinion presented for audit review had inconsistent information. Part A and B of the professional opinion reported quotation number NCC/ADCLB/Q/038/2024-2025 provision of conference facility services for five days

workshop at Kilifi for County Executive Committee Members while part C referred to quotation NCC/ADCLB/Q/040/2024-2025 for provision of accommodation services for five days workshop at Kilifi for County Executive Committee members. In the circumstances, the regularity of the expenditure and the procurement process remained doubtful and could not be confirmed. The aforementioned inconsistent revealed that the Liquor Licensing Board may have carried out irregular splitting of tenders for the same workshop and attendees where a service provider was awarded quotation number NCC/ADCLB/Q/040/2024-2025 for provision of accommodation services for five days workshop at Kilifi for County Executive Committee members at Kshs.2,795,000 and another contractor was awarded NCC/ADCLB/Q/0380/2024-2025 provision of conference facility services for five days workshop at Kilifi for County Executive Committee members at Kshs.2,785,000. In the circumstances, the procurement process is deemed irregular.

- v. It was noted that the Liquor Licensing Board does not rotate suppliers while procuring through request for quotations. A case of the above-mentioned supply quotation No. NCC/ADCLB/Q/040/2024-2025 and No. NCC/ADCLB/Q/038/2024-2025 where both bidders were invited to quote for the services. In the circumstances, the request for quotation method of procurement is deemed biased and unfair.

In the circumstances, the accuracy, regularity and completeness of use of goods and services expenditure totaling Kshs.4,709,500 could not be confirmed.

4. Irregularities in Payments for Board and Sub County Committee Allowances

Note 12 to the financial statements reflects an amount of Kshs.360,518,299 being expenditure under use of goods and services. The amount includes Kshs.29,868,500 being Board allowances. However, review of the payment vouchers amounting to Kshs.27,534,000 revealed that during the year under review the Board members were paid monthly allowances of Kshs.6,721,000. The Chairperson of the Board and the Vice Chairman were paid Kshs.110,000 and Kshs.90,000 respectively while the members were paid Kshs.80,000. No approval from SRC was provided for audit review. The monthly allowances were also not subjected to PAYE as stipulated in the Income Tax Act. Further, the Board incurred Kshs.20,303,000 as allowance to sub county committee for twenty-four (24) meetings contrary to SRC memo to Nairobi County that states that allowance are payable for a maximum of twelve (12) meeting per year. Further, the Board minutes were not signed.

In the circumstances, the accuracy, regularity and completeness of Board allowances totalling Kshs.29,868,500 could not be confirmed.

5. Irregular Expenditure on the Governor's Cup

The statement of financial performance and Note 12 to the financial statements reflect use of goods and services of Kshs.360,518,299. Review of records relating to the Governor's Cup finals expenditure of Kshs.9,933,820 as analysed below held on 17 December, 2024 revealed the following:

| S/No. | Description | Voucher Number | Amount (Kshs.) |
|-------|---|----------------|------------------|
| 1. | Payment of event coordination services and stage performance for the Governor's cup | 78699 | 2,477,900 |
| 2. | Road show truck for a day branded Governor's cup | 78663 | 2,590,000 |
| 3. | Supply and delivery of branded sports attire for the governor's cup. | 78648 | 2,449,920 |
| 4. | Supply of branded sports attire for the governor's cup finale | 78649 | 2,416,000 |
| | Total | | 9,933,820 |

- i. The expenditure was charged under the Nairobi City County Alcoholic Drinks Control and Licensing Board though the event related to the Governor's Ball/Cup for the Executive, which was not part of the Board's annual work plan.
- ii. There was no documentation showing the objectives, scope, estimated cost, budget approval or authorization for the event.
- iii. Procurement requisitions and justification from the user department were missing, making it difficult to ascertain the need and the user department.
- iv. No event coordination reports, monitoring and evaluation reports or committee minutes were provided as evidence of oversight.
- v. No proof was provided to confirm provision of branded truck services, movement schedules or utilization of the branded sports attire during the event.
- vi. The venue and related details of the Governor's Ball were not documented.
- vii. Withholding tax was not deducted on the payments.

In the circumstances, Management was in breach of law and it was not possible to confirm whether the event aligned with the objectives and mandate of the Liquor Licensing Board.

6. Contract Splitting in Payment for Branded Sports Attire for the Governor's Cup

The statement of financial performance and Note 12 to the financial statements reflects use of goods and services expenditure of Kshs.360,518,299. Audit review of payment records and procurement files for the supply and delivery of branded sports attire for the Governor's cup revealed that the Liquor Licensing Board made two separate payments via quotation No. NCC/ADCLB/Q/029/2024-2025 and No. NCC/ADCLB/Q/028/2024-2025 at contract sums of Kshs.2,449,920 and Kshs.2,416,000 respectively, totalling Kshs.4,865,920.

The payments were processed under different quotations and LPOs but were both related to the same event and scope of work namely supply of 176 jersey, 176 boots, 176 socks and 32 gloves. Despite being similar in nature and close in timing, the goods were not consolidated into a single procurement and the procurement plan did not reflect any

division of this nature. Further, there was no documentation to justify the splitting of these supplies or evidence of urgent/emergency need to warrant piecemeal procurement. Moreover, the procurement files lacked:

- i. A master requisition or consolidated procurement plan.
- ii. A single tender or framework contract for the total scope.
- iii. Approval by the Accounting Officer for parallel engagements.

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

7. Irregular Expenditure on Nairobi Festival

The statement of financial performance and as disclosed in Note 12 to the financial statements reflect use of goods and services expenditure of Kshs.360,518,299. Review of records revealed that an expenditure of Kshs.2,890,500 was incurred vide voucher No. 78708 for provision of a fully equipped truck for three (3) days across Nairobi County during the Nairobi Festival. The Nairobi Festival is an Executive event yet the payment was charged to the Nairobi City County Liquor Licensing Board. No evidence was provided to show that the activity was part of the Board's annual work plan and budget. In addition, there were no requisitions, approvals, service delivery reports, movement schedules or monitoring and evaluation reports to confirm delivery and utilization of the truck. Further, no evidence of withholding tax deductions was provided for audit verification.

In the circumstances, the Board was in breach of the law and the value for money could not be confirmed.

8. Misallocation of Development Budget to Recurrent Expenditure

Examination of expenditure records revealed that the Liquor Licensing Board charged recurrent items against the Development budget. Payments amounting to Kshs.15,031,700 were incurred between November, 2024 and March, 2025 under the development vote for activities such as allowances, consultancy and retreat expenses as shown below:

| Date | PV Number | Description | Amount (Kshs.) |
|-------------------|------------------|------------------------------|-----------------------|
| 4 November, 2025 | 78551 | Allowance System Development | 2,233,400 |
| 5 December, 2024 | 78587 | Consultancy | 2,900,000 |
| 17 January, 2025 | 78694 | Cabinet Retreat Allowance | 3,056,400 |
| 17 February, 2025 | 78729 | Allowance System Development | 2,766,900 |
| 26 February, 2025 | 78770 | Allowance System Development | 2,037,000 |
| 5 March, 2025 | 78807 | Allowance System Development | 2,037,000 |
| Total | | | 15,030,700 |

No approval was provided for the reallocation from recurrent to development budget. The misclassification of recurrent expenditure under the development budget results in budget distortion as financial statements reflect inflated development spending while understating recurrent costs.

In the circumstances, Management was in breach of law and such misapplication conceals the true cost of operations, erodes accountability and contravening the Public Finance Management principles of transparency and prudence.

9. Non-Conformity with Provisions of the Nairobi City County Alcoholic Drinks and Licensing Act, 2014

Audit revealed that the oversight of the Nairobi City County Alcoholic Drinks Control and Licensing Board has been placed under the CECM for Business, Hustler and Opportunities instead of the CECM for Trade as required by Section 2(1) of Nairobi City County Alcoholic Drinks and Licensing Act, 2014. Further, the current County Chief Officer in charge of Business, Hustler and Opportunities also serves in an acting capacity as County Secretary, creating dual responsibility and potential conflict of interest. In addition, the Nairobi County Alcoholic Drinks Control Fund, established under Section 43(1), has not been operationalized. Instead, licensing revenues are banked and expended outside the statutory framework of the Fund.

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

10. Misalignment of the Fund Spending with Statutory Objectives

The Board's financial statements on page iii indicate that the objectives of the Board are to control and regulate the manufacture, sale, advertisement and consumption of alcoholic drinks, establish rehabilitation facilities and programmes for persons dependent on alcohol and carry out sensitization programmes and licensing of liquor outlets. The statement of financial performance reflects that the Board's total expenditure was Kshs.386,421,397 against revenue of Kshs.338,270,716. Included in expenditure is Kshs.360,518,299 in respect to use of goods and services equivalent of 93% of the total expenditure/ budget. No evidence was provided to confirm that expenditures were aligned to the core objectives of the Board as prescribed under Section 43(3) of the Nairobi City County Alcoholic Drinks and Licensing Act, 2014. Instead, significant resources were absorbed into recurrent administrative costs and consultancy payments not related to the core objectives of research, rehabilitation and sub-county level interventions.

Notably, foreign travel accounted for Kshs.82,992,866 representing approximately 21% of the Board's total approved budget. Review of supporting documents revealed that a significant portion of the foreign travel payments lacked adequate justification, including missing invoices, travel itineraries, boarding passes and approval letters. The scale and nature of the foreign travel is inconsistent with the Board's statutory mandate, which focuses on regulation, licensing, rehabilitation and sensitization within the County. The absence of proper documentation and alignment with core functions raises concerns over potential misappropriation of funds in the Board, weak internal controls and the risk that nearly more than quarter of the Board's operational resources may have been expended on activities that do not advance its core and statutory objectives.

In the circumstances, the Board was in breach of the law and value for money could not be confirmed from the expenditure.

11. Recurrent Expenditure Exceeding Revenue in Breach of Fiscal Responsibility Principles

Audit review of the Nairobi City County Alcoholic Drinks Control and Licensing Board noted that reported in the statement of financial performance is total revenue of Kshs.338,270,716 against total expenditure of Kshs.386,421,397. Included in the expenditure is Kshs.360,518,299 in respect to use of goods and services representing the Board's recurrent expenditure. The recurrent expenditure exceeds the Board's revenue by Kshs.22,365,583 reflecting weaknesses in budgetary control and indicating a breach of the fiscal responsibility principle.

In the circumstances, the Board was in breach of the law and the value for money could not be confirmed.

12. Winding Down of the Nairobi County Alcoholic Drinks Control and Licensing Board and Uncertainty Over Statutory Objectives

Audit review of the operations of the Nairobi City County Alcoholic Drinks Control and Licensing Board revealed the following governance issues:

- i. The High Court (HCCHRPET/E222/2023) on 12 March, 2025, nullified the legal establishment of the Board and ordered freezing of its bank account, with instructions for funds to be transferred to the County Revenue Fund.
- ii. The Board's closure was abrupt, with no formal documentation or procedural communication provided. Account closure followed instructions from the Executive without evidence of structured transition measures.
- iii. The governance and administration of the Board was inconsistent with statutory and constitutional provisions, including:
 - a. Oversight placed under the CECM for Business and Hustler Opportunities rather than Trade.
 - b. Lack of term limits for Board members and inadequate stakeholder representation.
 - c. Sub-county committees issuing licenses outside statutory procedures, rendering some licenses invalid.
- iv. The Board's statutory objectives such as rehabilitation, research, and public education could not be confirmed. Only limited initiatives, including Sinai Rehabilitation Programs and Mutuini Rehabilitation Centre that could be traced.

- v. There was no evidence of accountability for revenues and expenditures under the Fund during the ten (10) years of operation, making it difficult to confirm value for money Board.

In the circumstances, the Board was in breach of the law and the value for money could not be confirmed.

13. Use of Personal Email Addresses by Alcoholic Drinks Control and Licensing Board Staff

Audit review of the Nairobi City County Alcoholic Drinks Control and Licensing Board established that staff continued to use personal email addresses to transmit official information and documents. This contravened the directive of the Head of the Public Service and weakens ICT governance. The use of personal email exposes the County Government to risks of data leakage, alteration, or misuse by disgruntled employees. Further, the County Government may not have control over information and records held in personal email accounts, especially when employees exit the service.

In the circumstances, the integrity, confidentiality, and security of sensitive information relating to licensing, revenue, and enforcement could not be assured.

14. Irregularities in International Procurement without Due Process

The statement of financial performance and Note 12 to the financial statements reflects use of goods and services expenditure of Kshs.360,518,299. Included in this expenditure is an amount is Kshs.10,914,511 relating to contracted professional services. Audit review revealed that payments totalling Kshs.2,062,967 were made to a Consultancy firm, a foreign entity, in respect of training services undertaken abroad as summarized below:

| Voucher Number | Description | Amount (Kshs.) |
|-----------------------|---|-----------------------|
| 78833 | Provision of training on mindful leadership and rehabilitation of Alcohol and substance abuse victims in Birmingham, United Kingdom | 1,298,384 |
| 78834 | Provision of training on change leadership strategies for organizational growth in Dubai | 116,133 |
| 78702 | Provision of training services in ethics and governance in Istanbul, Turkey | 648,450 |
| | Total | 2,062,967 |

However, no evidence was provided to confirm that the procurement entity had exhausted local competition or justification on record to demonstrate that such services could not be competitively sourced locally before resorting to international procurement. Further, tender documents and related procurement records were not provided.

In addition, no justification was provided as to why the trainings were held abroad despite availability of similar courses locally, raising concerns over value-for-money and prudence

in use of public resources. The payments amounting to Kshs.2,062,967 was made to a Consultancy firm and were also settled in full without deduction of the mandatory 2% withholding tax contrary to Section 35 of the Income Tax Act and relevant Kenya Revenue Authority (KRA) guidelines. Though the expenditure was in respect of training expenses, the payment was charged under the consultancy services leading to misclassification of expenditure which distorts the accuracy and reliability of the financial statements and undermines effective budgetary control.

In the circumstances, the Board was in breach of the law and the value for money could not be confirmed.

15. Cash Purchases for Office and General Supplies and Services

The statement of financial performance and Note 12 to the financial statements reflects use of goods and services expenditure of Kshs.360,518,299. Included in this amount is Kshs.8,895,926 incurred on office and general supplies and services. Review of the documents provided for audit revealed that out of this amount, Kshs.1,625,280 was procured through cash purchases and supported by only vendor-issued cash sale receipts without ETR receipts. No document was provided to prove that these purchases were done within the annual procurement plan. Further, it was noted that the Board had repeatedly used the same vendor, who was paid a total of Kshs.1,500,000 without competitive sourcing.

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

16. Irregular Expenditure on Foreign Travel

16.1 Training in Birmingham, United Kingdom

Out of use of goods and services expenditure of Kshs.360,518,299, payments totalling Kshs.3,455,484 were made in respect of a training on mindful leadership and rehabilitation of alcohol and substance abuse victims held in Birmingham, United Kingdom, between 28 November and 4 December, 2024.

However, audit verification revealed the following irregularities:

- i. There was no documentary evidence provided to support the training, including an official invitation, approved program, attendance lists, passports or boarding passes, and post-training reports.
- ii. The participants were not staff of the Alcoholic Drinks Control and Licensing Board but officers drawn from the Office of the Governor and County Executive, contrary to approved work plans and budget allocations.
- iii. The training invoice was dated two (2) days before the commencement of the program, raising concerns on planning and due diligence.

- iv. Per diem and ground transport allowances totalling Kshs.2,157,100 were paid to six (6) officers despite the Authority to Incur Expenditure (AIE) approving only five, resulting in irregular payment to one officer.

16.2 Training in Dubai of Ineligible Participants

Review of records revealed that an amount of Kshs.116,133 was paid vide voucher No. 78834 for the “Change Leadership Strategies for Organizational Growth in a Dynamic World” conference in Dubai. The invoice dated 9 April, 2025 and lists seven (7) delegates: From the invitation, the course targets senior executives, sectoral directors and Board members of public institutions. However, the individuals who attended were Members of the Nairobi City County Assembly, who are not staff of the Alcoholic Drinks Control and Management Fund or involved in its operations.

Supporting documents provided did not relate to the listed delegates and instead the tourism visas for all participants indicated professions as sales representatives. It was noted that the visas were valid up to 4 February, 2025 while the invitation states the training dates as 10 to 16 February, 2025 creating a mismatch that casts doubt on whether the travel and training occurred. In addition, there was no program for the training, signed attendance list, copies of passports or boarding passes as evidence of travel or an impact assessment report demonstrating benefit to the Fund.

16.3 Training Expenditure in Istanbul, Turkey

Review of expenditure under use of goods and services amounting to Kshs.360,518,299 revealed that payments totaling Kshs.3,196,950 were incurred in respect of an “Ethics and Governance” training held in Istanbul, Turkey, from 13 to 22 December, 2024.

Examination of records established the following irregularities:

- i. An amount of Kshs.648,450 was paid vide voucher No. 78702 for training expenses based on an invoice dated 26 November, 2024, 17 days before the training commenced, raising concerns on adequacy of planning, approval, and due diligence.
- ii. The supporting documentation including the official program, signed attendance lists, copies of passports or boarding passes and a post-training report were not provided for audit verification.
- iii. The participants comprised two (2) Fund Officers and a Member of the County Assembly, who was not directly involved in the operations of the Alcoholic Drinks Control and Licensing Board, raising questions on the relevance of the training to the Fund’s mandate.
- iv. Per diem and transport allowances totalling Kshs.2,548,500 was paid to the delegates through voucher No. 78680. However, the voucher listed the payee as a bank without details of disbursement.
- v. One participant, the Member of the County Assembly, received Kshs.796,200 in per diem and transport allowances which was not supported with evidence of travel.

16.4 Business Forum on Trade, Investment and Tourism in Osaka, Japan

Review of expenditure records revealed that Kshs.4,339,360 was paid vide voucher No. 78900 to six (6) officers to attend a Business Forum on Trade, Investment and Tourism held in Osaka, Japan, from 22 to 27 June, 2025. Audit verification revealed that although a forum program dated 23 June, 2025, and a separate program for Kenya Week at Expo 2025 Osaka were provided, there was no evidence of signed attendance lists, copies of passports or boarding passes, or post-event impact assessment reports. Only a back-to-office report was provided. Further, there was no clear link between the business forum activities and the core mandate of the Nairobi Alcoholic Drinks Control and Licensing Board, which focuses on liquor licensing regulation, rehabilitation, and public sensitization on alcohol and substance abuse. In the circumstances, the adequacy of planning, accountability, and value for money in respect of the Osaka forum expenditure could not be confirmed.

16.5 Summit on International Violence Against Women and Girls (VAWG), Drugs, Alcohol and Other Substance Abuse, London

Records indicate that Kshs.2,303,010 was paid via voucher No. 78836 to cater for training expenses including per diem and ground transport for four (4) officers who attended the Summit on International Violence Against Women and Girls (VAWG), Drugs, Alcohol and Other Substance Abuse held in London from 27 April to 3 May, 2025. The delegates were four (4) staff Members. However, audit review supporting documents revealed that only the invitation letter and a back-to-office report were provided. There was no evidence of an approved program, attendance lists, passports or boarding passes, or post-training evaluation to demonstrate the relevance and benefit of the summit to the Board. In addition, one of the delegates was not an employee of the Board, raising concerns on the propriety of his inclusion and funding.

In the circumstances, the regularity, value for money and propriety of the training expenditure could not be confirmed.

17. Irregular Payment of Field Allowances

Note 12 to the financial statements reflects use of goods and services expenditure totalling Kshs.360,518,299 which include field allowance expenses totalling Kshs.2,700,000. However, examination of various payment vouchers revealed the following anomalies;

17.1 Payment Voucher No. 78646

- i. The attached authority to incur expenditure stipulated that the payments were for field operations from 2 to 31 December, 2024. However, the attendance and payment schedules presented for audit review were for January, 2025 hence inconsistent with the approved requisition.
- ii. The fuel receipts attached were for November and December, 2024, lacked vehicle registration details, signatures and fuel station stamps, making it difficult to confirm

their authenticity. Fuel worth Kshs.400,000 could not be verified as having been used for official purposes.

- iii. Despite the County Government's contract with VIVO Energy for fuel supply through designated fuel cards, the Board opted for cash transactions for enforcement vehicles without justification, undermining accountability and internal controls.
- iv. The field allowances were paid irregularly through payment vouchers instead of imprest warrants since in absence of the warrants it was not possible to confirm the expected surrender date of the imprests and whether the funds were used for intended purpose.
- v. The authority to incur expenditure was not supported with an approved list of enforcement officers delegated to carry out the exercise for the specified period and areas of operation.
- vi. The officers were paid at a rate of Kshs.2,000 and Kshs.1,000. However, no approved guideline on the said rates was presented for audit review.
- vii. The expenditure was not supported with back to work report in order to establish the expected output against the resource expenditure.
- viii. The expenditure lacked authorization from the Accounting Officer hence its regularity could not be confirmed.

In the circumstances, the regularity, propriety and value for money in respect of the field allowance expenditure could not be confirmed.

17.2 Payment Voucher No. 78824

Examination of payment voucher No. 78824 of Kshs.400,000 for enforcement operations for the month of March, 2025 revealed the following irregularities:

- i. The authority to incur expenditure stated that the department will be assisted by a team from the National Police Service. However, the supporting documentations lacked the relevant correspondences from National Police Service and a listing of the police officers nominated to assist in the said exercise.
- ii. The supporting payment schedules attached were photocopies of the originals which were not counter signed or stamped for regularity in order to prevent double payment. No explanation was provided in support of use of photocopies to account for the field allowance expenses.
- iii. In regard to the aforementioned payment schedules, it was noted that each payment schedule was used to account for three (3) different days by erasing by use of white out on the dates of the original date and then photocopied for overwriting purposes on the previous date to read differently as sampled below:

| Original Schedule Date | Amount (Kshs) | Shared Schedule | Amount (Kshs.) |
|-------------------------------|----------------------|------------------------|-----------------------|
| 04 March, 2025 | 10000 | 24 March, 2025 | 10000 |
| 05 March, 2025 | 12000 | 13 March, 2025 | 12000 |
| | | 21 March, 2025 | 12,000 |
| 06 March, 2025 | 11,000 | 10 March, 2025 | 11,000 |
| | | 26 March, 2025 | 11,000 |
| 07 March, 2025 | 12,000 | 20 March, 2025 | 12,000 |
| 12 March, 2025 | 11,000 | 18 March, 2025 | 11,000 |
| | | 25 March, 2025 | 11,000 |
| 14 March, 2025 | 12,000 | 17 March, 2025 | 12,000 |
| Total | 68,000 | | 102,000 |

In the circumstances, it was not possible to confirm the authenticity of the field allowance payments.

18. Irregularities in Procurement of Printing, Advertising and Information Supplies

The statement of financial performance reflects use of goods and services expenditure totalling Kshs.360,518,299 as disclosed in Note 12 to the financial statements. The expenditure includes printing, advertising and information supplies of Kshs.7,967,368. However, review of expenditure totalling Kshs.7,967,368 under printing, advertising and information supplies revealed weaknesses in procurement, contract management, and payment processes as analysed below; issue;

- i. Supplier registration letter supporting the procurement was for financial year 2022–2023 and 2023–2024, while expenditure was incurred in financial year under audit.
- ii. Professional opinion was signed one month after evaluation contrary to timelines. LPOs, delivery note and invoice were dated prior to professional opinion.
- iii. The withholding tax was not deducted.
- iv. Under preliminary evaluation, bidder No. 3, provided all mandatory documents hence responsive and proceeded to the technical evaluation. However, analysis of the bid document, revealed that the pin certificate attached belonged to a person different from the director to the firm whose personal identification number was different, rendering the bidder non- responsive
- v. Review of Kshs.7,967,368 under printing, advertising and information supplies revealed that suppliers were engaged with expired registrations, evaluation processes lacked transparency, key supporting documents were missing, withholding tax was not deducted, and some expenditures were not authorized.
- vi. Payments were made to suppliers without valid registration, undermining procurement integrity.

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

19. Long Outstanding Trade and Other Payables

Analysis of the creditors data provided for audit revealed trade and other payables balances totalling Kshs.112,545,862 as at 30 June, 2025. However, a balance of Kshs.26,970,232 from previous financial years stretching way back from 2020/2021 to 2023/2024 were not yet cleared by the Liquor Licensing Board. This shows no attempt by the Alcoholic and Licensing Board to clear or reduce on outstanding balances as required by law. No explanation was provided as to why the Board would maintain long outstanding bills but opt to settle some of the most current bills.

Further, it was noted that the Liquor Licensing Board had a long outstanding rent arrears of Kshs.24,628,605 covering from 2016/2017 to 2021/2022 financial years. The Ministry of Investment, Trade and Industry through a memo WM/FIN/6/26 VOL III (210) sent a reminder to the Liquor Licensing Board requesting the rent in arrears to be settled in three (3) installments of Kshs.8,209,535 from the date of the memo. However, to date the Liquor Licensing Board had not settled the installment. Further, the arrears were irregularly categorized under less than one year old whereas the bills were arrears of over nine (9) years.

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

20. Irregular Expenditure on Motor Vehicle Repairs

Reported in the statement of financial performance and as supported by Note 12 to the financial statements is use of goods and services amount of Kshs.360,518,299. Included in the amount is Kshs.1,908,285 relating to routine maintenance – other assets incurred on motor vehicle repairs. Audit review revealed the following;

- i. There were no post inspection reports. It was noted that there was no Inspection and acceptance committee formed to inspect, review, accept or reject services received to ensure compliance with the pre inspection reports conducted by the Engineer.
- ii. The logbooks for services, repairs and maintenance undertaken were not provided for audit. Therefore, it was not possible to determine whether the record of work done was posted in vehicle logbooks, or work tickets signed by the driver showing defects of the motor vehicles.
- iii. The payment was not supported by local service order and the job card on when the vehicle was serviced. Further, there was no records of S13 showing the receive or the disposal of the returned spare parts after repair and maintenance of the vehicles.
- iv. The certificate to garages to service Government vehicles was not provided.

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

21. Irregularities in Fuel Management

The statement of financial performance and Note 12 to the financial statements reflects an amount of Kshs.360,518,299 under the use of goods and services which includes an amount of Kshs.3,600,000 for fuel, oils and lubricants. However, the following anomalies were noted;

- i. The framework agreement for supply and delivery of fuel and card services was awarded to three (3) suppliers for a period of 2 (2) years. However, review of bank statements and payment vouchers Nos. 77057, 78482, 78776, 78736, 78522, 78815, 78588 and 78652 amounting to Kshs.3,600,000 indicated that all payments were made to one company and none was made to the other two (2) despite meeting all requirements under consideration during the procurement process thus casting doubt on whether the County ensured fairness in requisitioning for goods from the contracted providers.
- ii. Expenditure of Kshs.2,800,000 for the months of July, 2024, August, 2024, September, 2024, October, 2024, November, 2024, December, 2024 and March, 2024 was not supported with work tickets. Further, for the month of January and February, 2025 the work tickets for 47CG 322A did not indicate the fuel drawn.
- iii. Management did not put in place fuel card policies and procedures in order to ensure that there are sufficient controls over management of fuel, approval of uses of the fuel cards and spending limits.
- iv. Management did not maintain a fuel consumption tracking system to establish tracking of fuel consumption, mileage, and usage for each vehicle which includes the use of GPS systems (tracking) or odometer readings. Further, analysis of fuel consumption statement reveal consumption of 882.33 liters valued at Kshs.149,395, the vehicles were fueled on weekends and no authorization was provided by Management for reason of fueling on weekends
- v. Analysis of fuel consumption statements provided revealed that Card No. 1408056968 which consumed 882.33 liters valued at Kshs.149,395 was not attached to any vehicle and thus subject to misuse and management has not accounted on how the fuel was utilized.

In the circumstances, the Board was in breach of the law and value for money on the expenditure could not be confirmed.

22. Irregular Procurement and Possible Double Payments in Engagement of Consultants for the Liquor Act Amendment

Reported in the statement of financial performance and as supported by Note 12 to the financial statements is the use of goods and services amounting to Kshs.360,518,299. Included in the amount is Kshs.10,914,511 relating to engagement of consultants for the amendment and presentation of the Nairobi City County Alcoholic Drinks Control and Licensing Act, 2013. Audit review of the documents revealed the following anomalies;

- i. The Board paid a local consulting firm Kshs.2,676,000 vide vouchers No. 62851 and No. 62822 for the amendment of the Act and presentation of the proposed amendments. Procurement records were not provided and the consultant was not in the approved pre-qualified list. Deliverables were also not clear and there were contradictions between invitation letters, requisitions and invoices. No consultancy or training reports were provided to support the payments and the value for money may have not been realized.
- ii. The Board awarded the same consulting firm a contract through LSO No. 000618 dated 13 November, 2024 at a contract sum of Kshs.2,800,000 for development of the amendment bill. The payment was made in full without deduction of the mandatory 2% withholding tax and was irregularly charged under daily subsistence allowance instead of contracted professional services. No evidence was provided to confirm that the consultancy was in the procurement plan.
- iii. The Board awarded consultancy services procured through quotation No. NCC/ADCLB/Q/039/2024-2025. Audit review revealed that the procurement process had gaps as indicated below;
 - a. Bidders were irregularly waived from the mandatory requirement of having a valid single business permit.
 - b. The successful bidder submitted an expired supplier registration certificate with Nairobi City County rendering the bid unresponsive.
 - c. The contract deliverables under LSO No. 001093 on preparation of a training manual at Kshs.2,000,000 and a final document with CECM inputs at Kshs.700,000 were inconsistent with the stated consultancy objectives of facilitating the presentation of the amended Act and developing the rehabilitation framework.
 - d. No evidence was provided to show that the rehabilitation framework was developed or that facilitation activities were conducted.
 - e. Payment of Kshs.2,700,000 was made via voucher No. 78755 without deduction of withholding tax and was misclassified under daily subsistence allowance.
- iv. Engaging different consultants for the same issue for two (2) consecutive years amounted to double for similar services, all amounting to Kshs.8,176,000 and no consultancy reports was provided for verification.

In the circumstances, Management was in breach of law and the value for money may not have been realized.

23. Failure to Transfer Revenue into the County Revenue Fund

The High Court on 12 March, 2025 through case number HCCHRPET/E222/2023, declared Section 43 of the Nairobi City County Alcoholic Drinks and Licensing Act

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unconstitutional, effectively nullifying the legal establishment of the Licensing Board. Consequently, the Court ordered the freezing of the Board's bank account and directed that all funds be deposited into the County Revenue Fund pending the establishment of a legally compliant public fund. Examination of the Board's bank statements revealed that as at 19 June, 2025, the account balance was Kshs.44,503,232. However, only Kshs.44,120,555 was transferred to the County Revenue Fund in effect to the court ruling leaving a balance of Kshs.382,677 unaccounted for. In addition, amounts subsequently collected between 19 June and 30 June, 2025 were not remitted into the County Revenue Fund as directed by the Court.

The variance and non-remittance were not explained indicating partial compliance with the Court directive and irregular transfer of revenue. It also undermines transparency and accountability in the management of public funds and reliability of revenue reported in the financial statements.

In the circumstances, non-remittance of revenue contrary to the Court order exposes the County Government to legal risks and potential contempt of court proceedings.

24. Unauthorized Transactions after Court Ruling

The High Court ruling in case number HCCHRPET/E222/2023 nullified the legal establishment of the Nairobi City County Alcoholic Drinks and Licensing Board and directed the freezing of its bank account. Audit review revealed that the Board continued to transact after the Court directive, and a payment of Kshs.1,298,384 was made to a supplier on 20 June, 2025 from the Board's account. The payment was made to the same supplier previously cited for irregularities in international procurement processes undertaken during the year under review.

In the circumstances, the continued execution of transactions after the Court ruling exposes the County Government to legal and financial risks including potential contempt of court proceedings.

25. Non-Deduction of Withholding Services from Other Operating Payments and Training Development Payments

Note 12 to the financial statements reflects use of goods and services expenditure totalling Kshs.360,518,299. Included in this expenditure is other operating expenses and training development expenses of Kshs.39,917,835 and Kshs.15,030,700 respectively. However, examination of the payment vouchers presented for audit review revealed that the Board did not deduct withholding taxes from the suppliers' payments.

In the circumstances, Management was in breach of law.

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 effects of the matter described in the Basis for Conclusion on the 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

Inventory Management

The statement of financial position reflects a balance of Kshs.3,153,690 in respect to inventories as disclosed in Note 20 to the financial statements. However, the following anomalies were observed;

- i. Management did not conduct quarterly inventory stock takes.
- ii. The inventory balances were not supported by stores records, including details of items received (S3) and items issued (S11). In addition, the stores did not have bin cards for each item in the stores.
- iii. A summary of inventory movement during the year indicating opening balance at the beginning of the year, additions during the year and the closing balance was not provided for audit review.
- iv. Distribution lists of goods procured for the 17 sub counties were not provided for audit.
- v. The store was dusty and cluttered.
- vi. It was established that twenty (20) liters of detergent, fifteen (15) brooms, bins, cabinets and executive chairs were still in the stores and remained unused.
- vii. Report on the exhibits found in the stores was not provided for audit review
- viii. The stores did not have a disposal policy on confiscated alcoholic drinks. Physical verification of the confiscated alcoholic drinks in the stores dated three (3) years back.

In the circumstances, the effectiveness of internal controls in stores management could not be confirmed.

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

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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 Board of Trustees

Management is responsible for the preparation and fair presentation of these financial 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 financial 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 financial statements, Management is responsible for assessing the Board 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 financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

The Board of Trustees is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 financial 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 financial 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 financial 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 financial 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

15 December, 2025

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30th June 2025

| Description | Note | 2024-2025 | 2023-2024 |
|---|------|---------------------|--------------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 6 | - | - |
| Transfers From the County Government | 7 | - | - |
| Revenue from Licenses | 8 | 338,270,716 | 270,747,747 |
| | | 338,270,716 | 270,747,747 |
| Revenue From Exchange Transactions | | | |
| Interest Income | 9 | - | - |
| Other Income | 10 | - | - |
| | | - | - |
| Total Revenue | | 338,270,716 | 270,747,747 |
| | | | |
| Expenses | | | |
| Employee Costs | 11 | - | - |
| Use of goods and services | 12 | 360,518,299 | 208,952,025 |
| Depreciation and Amortization Expense | 13 | 25,483,942 | 20,403,774 |
| Finance Costs | 14 | 315,906 | 492,807 |
| Total Expenses | | 386,318,147 | 229,848,606 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 15 | - | - |
| Gain /Loss on fair value of investments | 16 | - | - |
| Surplus/(Deficit) for the Period | | (48,047,431) | 40,899,141 |



Name: Godfrey Akumali
CCO-BHO



Name: Rhoda Otieno
Director Liquor



Name: Clare Kenya
Asst. Director Finance
ICPAK Number: 18231

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025


15. Statement of Financial Position as at 30 June 2025

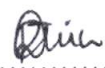
| Description | Note | 2024-2025 | 2023-2024 |
|--|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 17 | 115,000 | 38,159,638 |
| Current Portion of Long- Term Receivables from Exchange Transactions | 18 | - | - |
| Receivables from CRF | 19 | 52,406,072 | - |
| Inventories | 20 | 3,153,690 | 3,391,494 |
| Investments in financial assets | 21 | - | - |
| Total current assets | | 55,674,763 | 41,551,132 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 22 | 64,534,189 | 60,512,623 |
| Intangible Assets | 23 | - | - |
| Long Term Receivables from Exchange Transactions | 18 | - | - |
| Investment Property | 24 | - | - |
| Total non- current assets | | 64,534,189 | 60,512,623 |
| Total Assets (A) | | 120,208,952 | 102,063,755 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 25 | 112,545,863 | 46,353,234 |
| Current Provisions | 26 | - | - |
| Current Portion of Borrowings | 27 | - | - |
| Employee Benefit Obligations | 28 | - | - |
| Social benefit liabilities | 29 | - | - |
| Total current liabilities | | 112,545,863 | 46,353,234 |
| Non-Current Liabilities | | | |
| Non-Current Provisions | 26 | - | - |
| Long Term Portion of Borrowings | 27 | - | - |
| Non-Current Employee Benefit Obligation | 28 | - | - |
| Social benefit liabilities | 29 | - | - |


Nairobi City County Alcoholic Drinks Control and Licensing Board
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| Description | Note | 2024-2025 | 2023-2024 |
|-----------------------|------|------------------|-------------------|
| | | Kshs | Kshs |
| Total Liabilities (B) | | 112,545,863 | 46,353,234 |
| Net Assets (A-B) | | 7,663,090 | 55,710,521 |
| Represented By: | | | |
| Revolving Fund | | - | - |
| Reserves | | - | - |
| Accumulated Surplus | | 7,663,090 | 55,710,521 |
| Net Assets | | 7,663,090 | 55,710,521 |

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 31st July 2025 and signed by:


 Name: Godfrey Akumali
 CCO-BHO


 Name: Rhoda Otieno
 Director Liquor


 Name: Clare Kenya
 Asst. Director Finance
 ICPAK Number: 18231

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|----------------|---------------------|---------------------|---------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance As At 1 July 2023 | | | 14,811,380 | 14,811,380 |
| Surplus/(Deficit) For the Period | - | - | 40,899,141 | 40,899,141 |
| Funds Received During the Year | - | - | - | - |
| Transfers | - | - | - | - |
| Revaluation Gain | - | - | - | - |
| Balance As At 30 June 2024 | - | - | 55,710,521 | 55,710,521 |
| | | | | |
| Balance As At 1 July 2024 | - | - | 55,710,521 | 55,710,521 |
| Surplus/(Deficit) For the Period | | - | (48,047,431) | (48,047,431) |
| Funds Received During the Year | - | - | - | - |
| Transfers | - | | - | - |
| Revaluation Gain | - | - | - | - |
| Balance As At 30 June 2025 | - | - | 7,663,090 | 7,663,090 |

17. Statement of Cash Flows for The Year Ended 30 June 2025

| Description | Note | 2024-2025 | 2023-2024 |
|--|-----------|---------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | - | - |
| Transfers from the county government | | - | - |
| Interest received | | - | - |
| Receipts from other operating activities | | 338,270,716 | 270,747,747 |
| Funds returned to CRF | | (52,406,072) | |
| Total receipts | | 285,864,644 | 270,747,747 |
| Payments | | | |
| Employee Costs | | - | - |
| Use of goods and services | | 294,087,867 | 213,279,977 |
| Finance cost | | 315,906 | 492,807 |
| Other payments | | - | - |
| Total Payments | | 294,403,773 | 213,772,784 |
| Net cash flows from operating activities | 30 | (8,539,129) | 65,630,867 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | (29,505,509) | (42,582,034) |
| Proceeds from sale of property, plant & equipment | | - | - |
| Proceeds from loan principal repayments | | - | - |
| Loan disbursements paid out | | - | - |
| Net cash flows used in investing activities | | (29,505,509) | (42,582,034) |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | - | - |
| Additional borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash & cash | | (38,044,638) | 23,048,833 |
| Equivalents | | | |
| Cash and cash equivalents at 1 July 2024 | 17 | 38,159,638 | 15,110,805 |

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

| | | | |
|---|----|---------|------------|
| Cash and cash equivalents at 30 June 2025 | 17 | 115,000 | 38,159,638 |
|---|----|---------|------------|

18. Statement of Comparison of Budget and Actual Amounts for The Year Ended June 2025

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilization |
|---|--------------------|-------------------|--------------------|----------------------------|------------------------|---------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Budget carryovers from the previous year* | - | - | - | 38,159,638 | -38,159,638 | xx% |
| Receipts | | | | | | |
| Revenue from Licenses | 51,000,000 | 38,000,000 | 389,000,000 | 285,864,644 | 103,135,356 | 73 |
| Public Contributions and Donations | - | - | - | - | - | #DIV/0! |
| Transfers From County Govt. | - | - | - | - | - | #DIV/0! |
| Interest Income | - | - | - | - | - | #DIV/0! |
| Total Income | 51,000,000 | 38,000,000 | 389,000,000 | 324,024,282 | 64,975,718 | 87 |
| Expenses | | | | | | |
| Fund Administration Expenses | - | - | - | - | - | #DIV/0! |
| General Expenses | 94,000,000 | 38,000,000 | 332,000,000 | 294,087,867 | 37,912,133 | 89 |
| Finance Cost | - | - | - | 315,906 | -315,906 | #DIV/0! |
| Total Expenditure | 94,000,000 | 38,000,000 | 332,000,000 | 294,403,773 | 37,596,227 | 89 |
| Capital expenditure | 57,000,000 | - | 57,000,000 | 29,505,509 | 27,494,491 | 52 |
| Totals | 351,000,000 | 38,000,000 | 389,000,000 | 323,909,282 | 65,090,718 | |
| <i>Surplus For the Period</i> | - | - | - | 115,000 | - | |



Budget notes

The budget was underutilized because the money was swept to County Revenue Fund.

Budget Reconciliation

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | 115,000 |
| 1 | Due to temporary closure of the liquor account | 37,478,227 |
| 2 | Due to temporary closure of the Liquor account | 27,612,491 |
| 3 | Supplementary Budget that was passed | 64,975,718 |
| 4 | Bank Charges | 315,906 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 115,000 |

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

NCC ADCLB entity is established by and derives its authority and accountability from ADCLB Act 2014. The entity is wholly owned by the Nairobi County Government and is domiciled in Kenya. The entity’s principal activity is Liquor Licensing.

2. Statement of compliance and basis of preparation

The Board’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet 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: Leases | <i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and | <i>Applicable 1st January 2025</i> The Standard requires, |

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

| | |
|---|--|
| Discontinued Operations | <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><i>Applicable 1st January 2025</i></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 PPE shall be recognized 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> |
| IPSAS 46: Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p><i>Applicable 1st January 2026</i></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> |

Nairobi City County Alcoholic Drinks Control and Licensing Board
Annual Report and Financial Statements for the year ended June 30, 2025

| | |
|--|--|
| <p>IPSAS 48: Transfer Expenses</p> | <p><i>Applicable 1st 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> |
| <p>IPSAS 49: Retirement Benefit Plans</p> | <p><i>Applicable 1st 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> |
| <p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p> | <p><i>Applicable 1st 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> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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. |

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024-2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

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.

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.

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Board did not record additional appropriations on the FY 2024-2025 budget following the governing body's approval.

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.

Summary of Significant Accounting Policies (Continued)

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 cash flows has been presented.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is direct method Building 10%, Motor Vehicle 25%, Furniture & Fittings 12.5% and Computers Office Furniture 33.3%.

a) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a Board) and will have no legal or constructive obligation to pay further contributions if the Board does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Board obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit Boards are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's 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 judgements, estimates and assumptions made e.g.

a) 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 consolidated 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. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of Boarding to replace the asset
- Changes in the market in relation to the asset

c) 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 xxx.

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.

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Notes to the Financial Statements Continued

6. Public contributions and donations

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | 0 | 0 |
| Contributions From the Public | 0 | 0 |
| Total | 0 | 0 |

7. Transfers from County Government

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | 0 | 0 |
| Payments By County On Behalf Of The Entity | 0 | 0 |
| Unconditional Development grants | 0 | 0 |
| Total | 0 | 0 |

8. Revenue from Licenses

| Description | 2024-2025 | 2023-2024 |
|---|-------------|------------|
| | Kshs | Kshs |
| Brewers (1 Million liters and above per annum) | | 877,423 |
| Brewers (499,999 liters and above per annum) | | 584,949 |
| Brewer | 1,827,079 | |
| Members/Club | 6,786,295 | 5,431,668 |
| Proprietary | 6,890,700 | 5,515,232 |
| Distributors | 3,419,249 | 2,151,776 |
| Distributor Depot | 2,688,417 | 2,736,725 |
| General Retail-off License | 111,477,950 | 89,225,589 |
| General Retail License | 63,321,355 | 50,681,638 |
| Hotel | 18,610,110 | 14,895,304 |
| Import (500,000 liters to 999,999 liters per annum) | | 83,564 |
| Import (499,999 liters and below per annum) | | 125,346 |
| Import | 261,011 | |
| Restaurants | 60,110,915 | 48,112,042 |

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| | | |
|--|--------------------|--------------------|
| Supermarkets | 4,907,013 | 3,927,514 |
| Travelers license (Without a General retail License) | 261,011 | 3,384,347 |
| Wholesale | 53,402,924 | 62,673 |
| Theatre | 78,303 | 208,910 |
| Temporary | 4,228,384 | 42,743,047 |
| Total | 338,270,716 | 270,747,747 |

Note 8 : kshs 52,406,072 is included in the kshs 338,270,716

9. Interest income

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Income from Mortgage Loans | 0 | 0 |
| Interest Income From Car Loans | 0 | 0 |
| Interest Income From Investments in financial assets | 0 | 0 |
| Interest Income On Bank Deposits | 0 | 0 |
| Total Interest Income | 0 | 0 |

9. Other income

| Description | 2024-2025 | 2023-2024 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Insurance Recoveries | 0 | 0 |
| Income from Sale of Tender Documents | 0 | 0 |
| Bad debts recovered | 0 | 0 |
| Miscellaneous Income | 0 | 0 |
| Total Other Income | 0 | 0 |

10. Employee Costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Salaries And Wages | 0 | 0 |
| Staff Gratuity | 0 | 0 |
| Staff Training Expenses | 0 | 0 |
| Social Security Contribution | 0 | 0 |
| Other (<i>Specify</i>) | 0 | 0 |
| Total | 0 | 0 |

Nairobi City County Alcoholic Drinks Control and Licensing Board
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12. Use of Goods and Services

| Description | 2024-2025 | 2023-2024 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Office and General Supplies & Services | 8,895,926 | 12,979,919 |
| Domestic Travel Subsistence | 70,909,498 | 16,965,676 |
| Foreign Travel Subsistence | 82,992,866 | 37,341,325 |
| Communication Supplies and Services | | 200,000 |
| Printing, advertising and information supplies | 7,967,368 | 4,967,793 |
| Training Expenses | 4,980,950 | 4,492,767 |
| Fuel oil and lubricates | 3,600,000 | 4,897,800 |
| Other operating expenses | 39,917,835 | 36,050,895 |
| Routine maintenance- other assets | 1,908,285 | 2,498,194 |
| Training (development) Expenses | 15,030,700 | - |
| Electricity | 460,364 | 422,285 |
| Water and Sewerage charges | 76,257 | 236,254 |
| Internet Connections | 2,132,000 | 1,036,570 |
| Field allowance | 2,700,000 | 5,987,549 |
| Daily subsistence Allowance | | 4,497,800 |
| Trade show Exhibitions | 9,526,900 | 2,967,000 |
| Advertising, Awareness and Public Campaigns | 14,543,500 | 16,860,656 |
| Rent and Rates –Non Residential | 29,219,525 | 7,000,000 |
| Catering services (receptions), Accommodation, Gifts, foods and drinks | 4,867,500 | 3,979,880 |
| Board, committees, Conferences and Seminars | 14,859,400 | 23,211,399 |
| Board Allowances | 29,868,500 | 10,999,263 |
| Education and library Supplies | | 490,000 |
| Purchase of Uniforms and clothing -staff | 1,548,000 | 1,488,900 |
| Sanitary and cleaning materials, supplies and services | 1,158,414 | 3,854,400 |
| Membership fees, Dues and Subscriptions to Professional and trade bodies | | 44,800 |
| Contracted Professional services | 10,914,511 | 4,692,000 |
| Maintenance of Office furniture and Equipment | | 192,600 |
| Maintenance of Buildings and Stations – Non Residential | 2,440,000 | 200,000 |
| Maintenance of Computers, Software and Networks | | 396,300 |
| Total | 360,518,299 | 208,952,025 |

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13. Depreciation and Amortization Expenses

| Description | 2024-2025 | 2023-2024 |
|-------------------|-------------------|-------------------|
| | Kshs | Kshs. |
| Depreciation | 25,483,942 | 20,403,774 |
| Intangible Assets | - | - |
| Total | 25,483,942 | 20,403,774 |

14. Finance costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | 0 | 0 |
| Interest On Loans From Banks | 0 | 0 |
| Bank Charges | 315,906 | 492,807 |
| Total | 315,906 | 492,807 |

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15. Gain/(loss) on disposal of assets

| Description | 2024-2025 | 2023-2024 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant and Equipment | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Total | 0 | 0 |

16. Gain/ (loss) on Fair Value Investments

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Investments at Fair Value- Equity investments | 0 | 0 |
| Fair value – Investment property | 0 | 0 |
| Fair value- other financial assets (specify) | 0 | 0 |
| Total Gain | 0 | 0 |

17. Cash and cash equivalents

| Description | 2024-2025 | 2023-2024 |
|--|----------------|-------------------|
| | Kshs | Kshs |
| Xxx Car Loan Account | - | - |
| Xxx County Mortgage Account | - | - |
| Fixed Deposits Account | - | - |
| On – Call Deposits | - | - |
| Current Account | 115,000 | 38,159,638 |
| Others (Specify) | - | - |
| Total Cash and Cash Equivalents | 115,000 | 38,159,638 |

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Detailed analysis of the cash and cash equivalents are as follows:

| Financial Institution | Account number | 2024-2025 | 2023-2024 |
|----------------------------------|----------------|----------------|-------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank, Etc. | | - | - |
| Sub- Total | | - | - |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank - Etc. | | - | - |
| Sub- Total | | - | - |
| c) Current Account | | | |
| Kenya Commercial Bank | | - | - |
| Cooperative Bank of Kenya | | 115,000 | 38,159,638 |
| Sub- Total | | 115,000 | 38,159,638 |
| d) Others(Specify) | | | |
| Cash In Transit | | - | - |
| Cash In Hand | | - | - |
| Sub- Total | | - | - |
| Grand Total | | 115,000 | 38,159,638 |

18. Receivables from exchange transactions

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | 0 | 0 |
| Current Loan Repayments Due | 0 | 0 |
| Other Exchange Debtors | 0 | 0 |
| Less: Impairment Allowance | 0 | 0 |
| Total Current Receivables | | |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 0 | 0 |
| Total Non- Current Receivables | 0 | 0 |
| Total Receivables From Exchange Transactions | 0 | 0 |

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Additional disclosure on interest receivable

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | 0 | 0 |
| Accrued interest receivable from of long-term loans of previous years | 0 | 0 |
| Interest receivable from current portion of long-term loans issued in the current year | 0 | 0 |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | 0 | 0 |
| Accrued principal from long-terms loans from previous periods | 0 | 0 |
| Current portion of long-term loans issued in the current year | 0 | 0 |

19. Prepayments

| Description | 2024-2025 | 2023-2024 |
|---------------------------|-------------------|-----------|
| | Kshs | Kshs |
| Prepaid Rent | 0 | 0 |
| Prepaid Insurance | 0 | 0 |
| Prepaid Electricity Costs | 0 | 0 |
| CRF | 52,406,072 | 0 |
| Total | 52,406,072 | 0 |

20. Inventories

| Description | 2024-2025 | 2023-2024 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Consumable Stores | 3,153,690 | 3,391,494 |
| Spare Parts And Meters | - | - |
| Catering | - | - |
| Other Inventories (Specify) | - | - |
| Total Inventories at The Lower of Cost and Net Realizable Value | 3,153,690 | 3,391,494 |

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Detailed disclosure on inventories

| Description | 2024-2025 | 2023-2024 |
|----------------------------------|------------------|------------------|
| Opening balance | 3,391,494 | - |
| Additional Inventory in the year | 8,765,930 | 3,391,494 |
| Inventory expensed in the year | (9,003,734) | - |
| Write-downs in the year | - | - |
| Others specify | - | - |
| Closing balance | 3,153,690 | 3,391,494 |

21. Investments in financial assets

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | 0 | 0 |
| CBK | 0 | 0 |
| Sub- total | 0 | 0 |
| b. Investment with Financial Institutions/ Banks | | |
| Bank x | 0 | 0 |
| Bank y | 0 | 0 |
| Sub- total | 0 | 0 |
| c. Equity investments (specify) | | |
| Equity/ shares in Entity xxx | 0 | 0 |
| Sub- total | 0 | 0 |
| Grand total | 0 | 0 |

Movement of Equity Investments

| Impairment allowance/ provision | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| At the beginning of the year | 0 | 0 |
| Purchase of investments in the year | 0 | 0 |
| Sale of investments during the year | 0 | 0 |
| Gain/(loss) in fair value of investments through surplus or deficit | 0 | 0 |
| At the end of the year | 0 | 0 |

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e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

| Name of Entity where investment is held | No of shares | | | Nominal value of shares | Fair value of shares | Fair value of shares |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|----------------------|
| | Direct shareholding | Indirect shareholding | Effective shareholding | | Current year | Prior year |
| | % | % | % | Kshs | Kshs | Kshs |
| Entity A | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity B | 0 | 0 | 0 | 0 | 0 | 0 |
| Entity C | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |

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22. Property, plant, and equipment

| | Land | Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|------------------------------------|-------|------------|----------------|------------------------|--------------------------------|-------------|
| Rate | 0.00% | 10.00% | 25.00% | 12.50% | 33.30% | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Cost | | | | | | |
| At 1st July 2023 | - | - | 14,249,946 | 31,763,881 | 4,800,317 | 50,814,144 |
| Additions | - | 5,000,000 | - | 8,377,500 | 29,204,534 | 42,582,034 |
| Disposals | - | - | - | - | - | - |
| Transfers/Adjustments | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - |
| At 30th June 2024 | - | 5,000,000 | 14,249,946 | 40,141,381 | 34,004,851 | 93,396,178 |
| At 1st July 2024 | - | 5,000,000 | 14,249,946 | 40,141,381 | 34,004,851 | 93,396,178 |
| Additions | - | 18,232,409 | - | 2,389,500 | 8,883,600 | 29,505,509 |
| Disposals | - | - | - | - | - | - |
| Transfer/Adjustments | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - |
| At 30th June 2025 | - | 23,232,409 | 14,249,946 | 42,530,881 | 42,888,451 | 122,901,687 |
| Depreciation And Impairment | | | | | | |
| At 1st July 2023 | - | - | 5,353,149 | 4,682,001 | 2,444,631 | 12,479,781 |
| Depreciation | - | 500,000 | 3,562,487 | 5,017,673 | 11,323,615 | 20,403,775 |
| Impairment | - | - | - | - | - | - |
| At 30th June 2024 | - | 500,000 | 8,915,636 | 9,699,674 | 13,768,246 | 32,883,556 |
| At 1st July 2024 | - | 500,000 | 8,915,636 | 9,699,674 | 13,768,246 | 32,883,556 |
| Depreciation | - | 2,323,241 | 3,562,487 | 5,316,360 | 14,281,854 | 25,483,942 |
| Disposals | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - |
| Transfer/Adjustment | - | - | - | - | - | - |
| At 30th June 2025 | - | 2,823,241 | 12,478,123 | 15,016,034 | 28,050,100 | 58,367,498 |
| Net Book Values | | | | | | |
| At 30th June 2024 | - | 4,500,000 | 5,334,310 | 30,441,707 | 20,236,605 | 60,512,622 |
| At 30th June 2025 | - | 20,409,168 | 1,771,824 | 27,514,847 | 14,838,351 | 64,534,189 |

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23. Intangible assets

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning of The Year | 0 | 0 |
| Additions | 0 | 0 |
| At End of The Year | 0 | 0 |
| Amortization And Impairment | | |
| At Beginning of The Year | 0 | 0 |
| Amortization | 0 | 0 |
| At End of The Year | 0 | 0 |
| Impairment Loss | 0 | 0 |
| At End of The Year | 0 | 0 |
| NBV | 0 | 0 |

24. Investment Property

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | Kshs | Kshs |
| At beginning of the year | 0 | 0 |
| Additions | 0 | 0 |
| Disposal during the year | 0 | 0 |
| Depreciation | 0 | 0 |
| Impairment | 0 | 0 |
| Gain/(loss) in fair value (if fair value is elected) | 0 | 0 |
| At end of the year | 0 | 0 |

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25. Trade and other payables from exchange transactions

| Description | 2024-2025 | | 2023-2024 | |
|---|--------------------|-----------------------|-------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade Payables | 112,545,862 | | 46,353,234 | |
| Refundable Deposits | - | | - | |
| Accrued Expenses | - | | - | |
| Other Payables | - | | - | |
| Total Trade and Other Payables | 112,545,862 | | 46,353,234 | |
| Ageing analysis (Trade and other payables) | 2024-2025 | % of the Total | 2023-2024 | % of the Total |
| Under one year | 62,395,796 | 55.44% | 32,711,725 | 70.50% |
| 1-2 years | 16,000,631 | 14.22% | 0 | 0% |
| 2-3 years | 10,606,395 | 9.42% | 2,243,000 | 4.8% |
| Over 3 years | 23,543,040 | 20.92% | 11,398,509 | 24.70% |
| Total (tie to above total) | 112,545,862 | 100% | 46,353,234 | 100% |

26. Provisions

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|---|-----------------|--------------------|-----------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance b/f | 0 | 0 | 0 | 0 |
| Additional provisions | 0 | 0 | 0 | 0 |
| Provision utilised | 0 | 0 | 0 | 0 |
| Change due to discount and time value for money | 0 | 0 | 0 | 0 |
| Total provisions year end | 0 | 0 | 0 | 0 |
| Current Provisions | 0 | 0 | 0 | 0 |
| Non-Current Provisions | 0 | 0 | 0 | 0 |

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27. Borrowings

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | 0 | 0 |
| External Borrowings During the Year | 0 | 0 |
| Domestic Borrowings During the Year | 0 | 0 |
| Repayments of External Borrowings During the Period | 0 | 0 |
| Repayments of Domestic Borrowings During the Period | 0 | 0 |
| Balance At End of The Period | 0 | 0 |

The table below shows the classification of borrowings into external and domestic borrowings:

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organization' | 0 | 0 |
| Sterling Pound Denominated Loan From 'Y Organization' | 0 | 0 |
| Euro Denominated Loan from Z Organization' | 0 | 0 |
| Domestic Borrowings | 0 | 0 |
| Kenya Shilling Loan From KCB | 0 | 0 |
| Kenya Shilling Loan from Barclays Bank | 0 | 0 |
| Kenya Shilling Loan from Consolidated Bank | 0 | 0 |
| Borrowings From Other Government Institutions | 0 | 0 |
| Total Balance at End of The Year | 0 | 0 |

The table below shows the classification of borrowings long-term and current borrowings:

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | 0 | 0 |
| Long Term Borrowings | 0 | 0 |
| Total | 0 | 0 |

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28. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | Insert Current FY | Insert Comparative FY |
|--------------------------------|----------------------|----------------------------------|------------------|-------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Non-Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

29. Social Benefit Liabilities

| Description | 2024-2025 | 2023-2024 |
|--|-----------------|-----------------|
| | Kshs | Kshs |
| Health social benefit scheme | 0 | 0 |
| Unemployment social benefit scheme | 0 | 0 |
| Orphaned and vulnerable benefit scheme | <u>0</u> | <u>0</u> |
| Elderly social benefit scheme | 0 | 0 |
| Bursary social benefits | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |
| Current social benefits | 0 | 0 |
| Non- current social benefits | 0 | 0 |
| Total (tie to totals above) | 0 | 0 |

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30. Cash generated from operations.

| Description | 2024-2025 | 2023-2024 |
|---|---------------------|-------------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | (48,047,431) | 40,899,141 |
| Adjusted For: | | |
| Depreciation | 25,483,942 | 20,403,774 |
| Amortization | - | - |
| Gains/ Losses On Disposal Of Assets | - | - |
| Interest Income | - | - |
| Finance Cost | - | - |
| Working Capital Adjustments | | |
| Increase In Inventory | 237,804 | -3,391,494 |
| Increase In Receivables | (52,406,072) | - |
| Increase In Payables | 66,192,629 | 7,719,446 |
| Net Cash Flow From Operating Activities | (8,539,129) | 65,630,867 |

31. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Board include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The Board/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

| Description | 2024-2025 | 2023-2024 |
|---------------------------------|------------|-----------|
| | Kshs | Kshs |
| Transfers From Related Parties' | 0 | 0 |
| Transfers To Related Parties | 52,406,072 | 0 |

c) Key management remuneration

| Description | 2024-2025 | 2023-2024 |
|-----------------------------|------------------|------------------|
| | Kshs | Kshs |
| Board Of Trustees | 6,721,000 | 6,120,000 |
| Key Management Compensation | 0 | 0 |
| Total | 6,721,000 | 6,120,000 |

d) Due from related parties

| Description | 2024-2025 | 2023-2024 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | 0 | 0 |
| Due From County Government | 0 | 0 |
| Total | 0 | 0 |

Other Disclosures Continued

e) Due to related parties

| Description | 2024-2025 | 2023-2024 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due To Parent Ministry | 0 | 0 |
| Due To County Government | 0 | 0 |
| Due To Key Management Personnel | 0 | 0 |
| Total | 0 | 0 |

32. Contingent assets and contingent liabilities

| Contingent Liabilities | 2024-2025 | 2023-2024 |
|----------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Court Case Xxx Against the Board | 0 | 0 |
| Bank Guarantees | 0 | 0 |
| Total | 0 | 0 |

(Give details)

33. Financial risk management

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Board does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Board's financial risk management objectives and policies are detailed below:

a) Credit risk

The Board has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2025 | | | | |
| Receivables From Exchange Transactions | 0 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2024 | | | | |
| Receivables From Exchange Transactions | 0 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

The board of trustees sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term Boarding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June (2024-2025) | | | | |
| Trade Payables | 0 | 0 | 112,545,862 | 112,545,862 |
| Current Portion Of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 112,545,862 | 112,545,862 |
| At 30 June (2023-2024) | | | | |
| Trade Payables | 0 | 0 | 46,353,234 | 46,353,234 |
| Current Portion Of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 46,353,234 | 46,353,234 |

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Board's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Description | | Other currencies | Total |
|---|----------|------------------|----------|
| | Kshs | Kshs | Kshs |
| At 30 June (2024-2025) | | | |
| Financial Assets | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 |
| Cash | 0 | 0 | 0 |
| Debtors/ Receivables | | | |
| Liabilities | | | |
| Trade And Other Payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net Foreign Currency Asset/(Liability) | 0 | 0 | 0 |

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Board's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

| Description | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|--------------------|----------------------------|-------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| (2024-2025) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| (2023-2024) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

Sensitivity analysis

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

d) Capital risk management.

The objective of the Board's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following Boards:

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | 0 | 0 |
| Revolving Board | 0 | 0 |
| Accumulated surplus | 0 | 0 |
| Total Boards | 0 | 0 |
| | | |
| Total borrowings | 0 | 0 |
| Less: cash and bank balances | 0 | 0 |
| Net debt/(excess cash and cash equivalents) | 0 | 0 |
| Gearing | 0 | 0 |

34. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

35. Ultimate and Holding Entity

The entity is a County Public Board established by NCC ADCLB Act 2014 under the Department of Trade. Its ultimate parent is the County Government of Nairobi.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| 1.2 | Statement of comparison of budget and actual amounts | Accuracy and completeness confirmed | Resolved | |
| 2 | Unconfirmed Depreciation Expense | Depreciation Expense confirmed | Resolved | |
| 3. | Unaccounted expenditure | All the expenditure has been accounted | Resolved | |
| 4. | Unsupported Procurements | All procurements accounted | Resolved | |

Accounting Officer (CCO Business & Hustler Opportunities)

Godfrey Akumali 

Date... 31st July 2025

Nairobi City County Alcoholic Drinks Control and Licensing Board
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Annex II: Inter-Board Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Board]
 [Insert Address]

The [insert XXX name here] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Board] as at 30th June 20xx

| Reference Number | Date Disbursed | Amounts Disbursed by [CCSAGA/Board] (Kshs) as at 30 th June 20xx | | | Amount Received by [beneficiary Board] (KShs) as at 30 th June 20xx (E) | Differences (KShs) (F)=(D-E) |
|------------------|----------------|---|-----------------|-----------------------|--|------------------------------|
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | | | | | | |

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Board:

Name Clare Kenya **Sign**  **Date** 31st July 2025

Nairobi City County Alcoholic Drinks Control and Licensing Board
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Annex III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Boards | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|------------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
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Annex IV: Reporting on Disaster Management Expenditure

| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
|-----------|---------------|---------------|--|------------------|----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |