

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY ASSEMBLY OF NAIROBI CITY**

**FOR THE YEAR
ENDED 30 JUNE 2018**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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NAIROBI CITY COUNTY ASSEMBLY



REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted pursuant to Article 176(1) of the Constitution of Kenya, 2010 and shall consist of members elected by the registered voters of the wards as provided for in Article 177. The Assembly is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly.

The Nairobi City County Assembly constitutes of 123 Members of County Assembly (MCAs) out of which 85 are elected to represent members of the public from their respective wards and 38 are nominated. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The Nairobi City County Assembly's day-to-day management is under the following key organs:

- The County Assembly Service Board; and
- The Clerk.

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June, 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	- Jacob Ngwele
2.	Principal Accountant	- CPA Philomena Nzuki

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements include:

- County Assembly Audit Committee Activities
- County Assembly Public Accounts Committee Activities
- The Office of the Auditor General (OAG)
- The Controller of Budget (CoB)
- Commission on Revenue Allocation (CRA)
- County Treasury

NAIROBI CITY COUNTY ASSEMBLY
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(e) The Nairobi City County Assmbly Headquarters

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

(f) Nairobi City County Assembly Contacts

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

(g) Nairobi City County Assembly Bankers

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

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

NAIROBI CITY COUNTY ASSEMBLY
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2. FORWARD BY THE CLERK OF THE ASSEMBLY

The Nairobi City County Assembly was established under Article 176 of the Constitution of Kenya and it consists of 85 elected and 38 nominated members. The County Assembly is the legislative arm of Nairobi County Government responsible for formulation of laws that regulate the conduct and activities within Nairobi City County.

The County Assembly is governed by the County Assembly Service Board (CASB) which is established pursuant to Section 12(1) of the County Government Act, 2012. CASB managed to establish core functional offices in its endeavour to facilitate the Assembly to deliver its core mandate of oversight, representation as well as make numerous legislative bills that were passed into law. This has resulted in notable improvements in overall financial management in current years' of operation since the inception of the County Assembly.

Of the Kshs.1.7 Billion budgeted for in 2017/2018, Kshs.1.4 Billion was received and spent representing 82% budgetary absorption rate.

Nairobi City County Assembly has made strides in performance of key development projects and also in running its day to day operations. Some of the key projects include; Refurbishment of underground parking into Committee Rooms, Installation of Multimedia Digital Systems in the Committee Rooms, Members Lounge and Canteen. These projects have enhanced service delivery of the Members of the County Assembly to their citizens.

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



NANCY MUTAI
Ag. CLERK, NAIROBI CITY COUNTY ASSEMBLY

NAIROBI CITY COUNTY ASSEMBLY
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For the year ended June 30, 2018

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2018, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 30th June 2018.



Ag Clerk of the County Assembly

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NAIROBI CITY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Nairobi City set out on pages 1 to 33, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statements of comparison of budget and actual amounts - recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Nairobi City as at June 30 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and the County Government Act 2012.

Basis for Adverse Opinion

1.0 Trial Balance

The management did not provide a trial balance to support figures reflected in the financial statements for 2017/2018 financial year. As a result, the completeness and accuracy of the financial statements for the year ended 30 June 2018 cannot be confirmed.

2.0 Payments Outside IFMIS

Payments totalling Kshs.211,351,680 were made outside IFMIS during the financial year 2017/2018 as tabulated below:

Report of the Auditor-General on the Financial Statements of County Assembly of Nairobi City for the year ended 30 June 2018

	Final Approved Estimate (Net)	Actual Expenditure (As reported in IFMIS)	Expenditure as Reported in the Financial Statements	Variances Between IFMIS and Financial Statements
Component	Kshs.	Kshs.	Kshs.	Kshs.
Compensation of Employees	656,794,715	548,470,471	641,042,692	92,572,221
Use of Goods and Services	658,747,496	429,125,723	572,720,876	143,595,153
Other Grants and Transfers	4,900,000	4,900,000	0	(4,900,000)
Social Security Benefits	49,359,111	28,948,869	48,943,862	19,994,993
Acquisition of Assets	417,816,650	201,578,900	161,584,215	(39,994,685)
Finance Costs, including Loan Interest	0	0	83,999	83,999
Total	1,787,617,972	1,213,023,964	1,424,375,644	211,351,680

No reasons have given for paying outside the IFMIS system.

3.0 Cash and Cash Equivalents

3.1 Board of Survey Report

The statement of financial assets and liabilities as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.10, 985,207 and as disclosed in Note 13 to the financial statements. However, the balance has not been supported by a Board of Survey Report. No satisfactory explanation has been provided for this omission.

3.2 Bank Reconciliations

The Assembly did not prepare bank reconciliations for the five bank accounts disclosed in Note 13A to the financial statements contrary to regulation 90 of the Public Finance Management (County Government) Regulations, 2015.

As a result of the omissions indicated above, the accuracy of cash and cash equivalents balance of Kshs.10,985,207 cannot be confirmed.

4.0 Outstanding Imprests

Disclosed in Note 14 to the financial statements is a balance of Kshs.117,830,865 against outstanding imprests. However, the IFMIS ledger reflects a balance of Kshs.206,907,033 against the same item resulting in a difference of Kshs.89,076,168 which has not been reconciled or explained.

5.0 Fixed Asset Register

The Assembly did not maintain during the year under review a fixed assets register. The disclosure under Annex 4 to the financial statements is, therefore, not supported by a fixed assets register.

Consequently, it has not been possible to ascertain the existence, location, completeness and accuracy of additional assets in the year 2017/2018 of Kshs.161,584,215 or the balance of Kshs.279,117,771 relating to the historical costs of the assets as at 30 June 2018 as disclosed.

6.0 Pending Bills

Disclosed under Note 13 to the financial statements are pending bills totalling Kshs.31,865,711. However, the pending bills balance has not been supported by source documents and supporting schedules indicating type of supply, contracted amount, amount paid to date and outstanding balance as at year end.

As a result, the validity and accuracy of the pending bills balance of Kshs.31,865,711 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Nairobi City in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion and Basis for Conclusions on lawfulness and effectiveness in use of public resources and effectiveness of internal controls, risk management and governance sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget Performance

During the financial year ended 30 June 2018, the Assembly had an approved budget of Kshs.1,727,660,782 comprising of recurrent vote of Kshs.1,309,844,132 and development vote of Kshs.417,816,650. The summary statement of appropriation recurrent and development; combined reflects overall expenditure totalling Kshs.483,285,139, equivalent to 72 % absorption rate but overall under-expenditure of 28% as tabulated below:

	2017/2018 Final Budget Figures	2017/2018 Actual Receipts / Expenditure	Variance	% of the Variance
Components	Kshs.	Kshs.		%
Revenue				
Transfers from County Treasury/Exchequer Release	1,787,617,973	1,451,777,423	335,840,550	19%
Expenditure				
Compensation of Employees	645,992,568	641,042,692	4,949,876	1%
Use of Goods and Services	596,126,584	572,720,876	23,405,708	4%
Social Security Benefits	67,724,980	48,943,862	18,781,118	28%
Acquisition of assets	417,816,650	161,584,215	256,232,435	61%
Finance costs	-	83,999	(83,999)	100%
Total Expenditure	1,727,660,782	1,244,375,643	483,285,139	28%

An analysis also indicates that the development funds were not fully utilized as planned resulting in under expenditure of Kshs.256,232,435 or 61% of the budget.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters discussed in the Basis for Adverse Opinion and Basis for Conclusions on lawfulness and effectiveness in use of public resources sections 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

1.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2018 reflects total expenditure of Kshs.1,244,375,643. The expenditure on compensation of employees of Kshs.641,042,692 represents about 44% of total receipts of Kshs.1,451,777,423 during the year under review. The expenditure, therefore, exceeded the set limit of 35% contrary to regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that County Government expenditure on wages and benefits for public officers should not exceed 35% of the County Assembly total receipts.

The County Assembly was in breach of law.

2.0 Irregular Payment of Imprests

The Assembly issued imprests and spent an amount of Kshs.401,500 on transport and night out refunds to Members of County Assembly who travelled for a funeral in Mumias, despite the relevant expenditure not chargeable to public funds.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters discussed in the Basis for Adverse Opinion and Basis for Conclusions on the Effectiveness of Internal Controls, Risk Management and Governance sections 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

Segregation of Duties

Although, Accounts Department of the Assembly has thirteen members of staff, only one officer performs duties of disbursing funds, making entries in the cashbook, reconciliation and validation of payments in the IFMIS system contrary to regulation 110(2a) of the Public Finance Management (County Government) Regulations, 2015.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of the County Assembly to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the County Assembly or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the County Assembly's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 February 2019


NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

5. FINANCIAL STATEMENTS

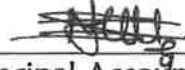
5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/18 KShs	2016/17 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	1,451,734,423	1,447,004,403
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	43,000	29,000
TOTAL RECEIPTS		1,451,777,423	1,447,033,403
PAYMENTS			
Compensation of Employees	4	641,042,692	780,476,852
Use of goods and services	5	572,720,876	604,088,961
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	48,943,862	107,533,556
Acquisition of Assets	10	161,584,215	-
Finance Costs	11	83,999	298,826
Other Payments	12	-	-
TOTAL PAYMENTS		1,424,375,643	1,492,398,495
SURPLUS/DEFICIT		27,401,780	(45,364,792)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2018 and signed by:



 Clerk of the Assembly
 Name: Nancy Mutai




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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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5.2.STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

		2017/2018	2016/17
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	10,985,207	64,561,610
Cash Balances	13B	-	-
Total Cash and cash equivalents		10,985,207	54,868,044
Accounts receivables – Outstanding Imprests	14	118,664,684	8,803,664
TOTAL FINANCIAL ASSETS		129,649,890	63,671,708
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	36,668,671	96,693,566
NET FINANCIAL ASSETS		92,981,220	63,671,707
REPRESENTED BY			
Fund balance b/fwd	16	64,561,610	109,036,500
Surplus/Deficit for the year		27,401,780	(45,364,792)
Prior Year Adjustment	17	1,017,830	-
NET FINANCIAL POSITION		92,981,220	63,671,708

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2018 and signed by:



 Ag Clerk of the Assembly
 Name: Nancy Mutai



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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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5.3.STATEMENT OF CASH FLOWS

		2017/18	2016/17
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	1,451,734,423	1,447,004,703
Other Receipts	3	43,000	29,000
Payments for operating expenses			
Compensation of Employees	4	(641,042,691.73)	(780,476,852)
Use of goods and services	5	(572,720,875.78)	(604,088,961)
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	(48,943,862)	-
Finance Costs	11	(83,999.85)	(298,826)
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		(80,978,183.20)	889,901
Net cash flows from operating activities		108,007,811.44	64,175,545
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(161,584,214.94)	(107,533,556)
Net Cash Flows from Investing Activities		(161,584,214.94)	(107,533,556)


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NET INCREASE IN CASH AND CASH EQUIVALENTS		(53,576,403.50)	(45,364,792)
Cash and cash equivalent at BEGINNING of the year	13	64,561,610	109,036,500
Cash and cash equivalent at END of the year		10,985,206.50	64,561,610

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2018 and signed by:



 Ag Clerk of the Assembly
 Name: Nancy Mutai



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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

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

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a-b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,614,207,518	173,410,455	1,787,617,973	1,451,734,423	81%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	43,000	-
TOTAL	1,614,207,518	173,410,455	1,787,617,973	1,451,777,423	81%
PAYMENTS					
Compensation of Employees	642,512,736	16,417,213	645,992,568	641,042,692	99%
Use of goods and services	556,942,754	39,183,830	596,126,584	572,720,876	96%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	54,787,599	12,937,381	67,724,980	48,943,862	72%
Acquisition of Assets	320,759,000	97,057,650	417,816,650	161,584,215	39%
Finance Costs	-	-	-	83,999	-
Other Payments	-	-	-	-	-
TOTAL	1,575,002,089	165,596,074	1,727,660,782	1,244,375,643	82%
SURPLUS/ DEFICIT	39,205,429	7,814,381	59,957,191	27,401,780	46%

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


[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) None noted


(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23) .Where the result of the statement of receipts and payments is a deficit, the Assembly should explain how the deficit was funded.

The changes were as a result of underfunding and delay in funding.

The entity financial statements were approved on 30th June / 2018 and signed by:



Ag. Clerk of the Assembly
Name: Nancy Mutai



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

NAIROBI CITY COUNTY ASSEMBLY
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5.5.STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	1,293,448,518	76,352,805	1,369,801,323	1,258,058,777	92%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	43,000	-
TOTAL	1,293,448,518	76,352,805	1,369,801,323	1,258,101,777	92%
PAYMENTS					
Compensation of Employees	642,512,736	16,417,213	658,929,949	641,042,692	97%
Use of goods and services	556,942,754	39,183,830	596,126,584	572,720,876	96%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	54,787,599	12,937,381	67,724,980	48,943,862	99%
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	83,999	-
Other Payments	-	-	-	-	-
TOTAL	1,254,243,089	68,538,424	1,322,781,513	1,262,791,429	95%
Surplus/ Deficit					


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*[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]
(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23)*

The entity financial statements were approved on 30th June /2018 and signed by:



Ag. Clerk of the Assembly
Name: Nancy Mutai



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

NAIROBI CITY COUNTY ASSEMBLY
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5.6.STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT


Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	320,759,000	97,057,650	417,816,650	193,675,646	46%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	320,759,000	97,057,650	417,816,650	193,675,646	46%
PAYMENTS					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	320,759,000	97,057,650	417,816,650	161,584,215	39%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	320,759,000	97,057,650	417,816,650	161,584,215	39%
SURPLUS/ DEFICIT	-	-	-	32,091,431	-


[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) None

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23)

The entity financial statements were approved on 30th June /2018 and signed by:


Ag. Clerk of the Assembly
Name: Nancy Mutai


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

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

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

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

5.8.SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to **KShs 4,802,959.40** compared to **KShs 9,693,566.00** in prior period as indicated on note 13 A. There were no other restrictions on cash during the year.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Pending bills

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

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Nairobi City County Assembly budget was approved as required by Law. The original budget was approved by the County Assembly on April, 2018 for the period 1st July 2017 to 30 June 2018 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the Nairobi City County Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2017/18	2016/17
	KShs	KShs
Transfers from the County Treasury for Q1	220,000,000	369,230,000
Transfers from the County Treasury for Q2	352,417,852	347,000,000
Transfers from the County Treasury for Q3	369,491,970	392,000,000
Transfers from the County Treasury for Q4	509,824,601	338,774,403
Cumulative Amount	1,451,734,423	1,447,004,403

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in Annexure 7 of this report.)

2. PROCEEDS FROM SALE OF ASSETS

	2017/18	2016/17
	KShs	KShs
Receipts from the Sale of Buildings	Xxx	Xxx
Receipts from the Sale of Vehicles and Transport Equipment	Xxx	Xxx
Receipts from the Sale Plant Machinery and Equipment	Xxx	Xxx
Receipts from Sale of Certified Seeds and Breeding Stock	Xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	Xxx	Xxx
Receipts from the Sale of Inventories, Stocks and Commodities	Xxx	Xxx
Disposal and Sales of Non-Produced Assets	Xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	Xxx	Xxx
Total	Xxx	Xxx

3. OTHER RECEIPTS

	2017/18	2016/17
	KShs	KShs
Tender fees received	43,000	29,000
Other Receipts	Xxx	Xxx
Total	43,000	29,000

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2017/18	2016/17
	KShs	KShs
Basic salaries of permanent employees	326,665,671	320,154,285
Basic wages of temporary employees	73,074,000	72,687,700
Personal allowances paid as part of salary	215,373,431	243,848,729
Personal allowances paid as reimbursements	7,563,721	7,752,000
Personal allowances provided in kind		
Pension and other social security contributions	18,363,469	134,593,617.91
Compulsory national social security schemes	2,400	6,000
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		1,434,520
Total	641,042,692	780,047,852

(Provide detailed explanation with regard to the number of employees recruited by the Assembly, new employees and resignations. Explain what other personnel costs relate to)

5. USE OF GOODS AND SERVICES

	2017/18	2016/17
	KShs	KShs
Utilities, supplies and services	1,394,718	2,251,221
Communication, supplies and services	4,911,002	3,847,652
Domestic travel and subsistence	211,252,091	156,555,208
Foreign travel and subsistence	113,319,849	73,224,232
Printing, advertising and information supplies & services	21,880,682	9,919,595
Rentals of produced assets	1,955,000	19,782,000
Training expenses	72,329,844	24,788,324
Hospitality supplies and services	24,361,277	35,314,228
Insurance costs	61,251,141	98,398,001
Specialized materials and services	xxx	xxx
Office and general supplies and services	3,779,000	13,294,886
Other operating expenses	50,825,206	166,713,614
Routine maintenance – vehicles and other transport equipment	3,282,416	xxx
Routine maintenance – other assets	2,178,650	xxx
Total	572,720,876	604,088,961

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2017/18	2016/17
	KShs	KShs
Subsidies to County Corporations		
<i>See list attached</i>	xxx	Xxx
(insert name)	xxx	Xxx
Subsidies to Private Enterprises		
<i>See list attached</i>	xxx	xxx
(insert name)	xxx	xxx
TOTAL	xxx	xxx

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017/18	2016/17
	KShs	KShs
Transfers to National Government entities	xxx	xxx
Transfers to other County Assembly entities	xxx	xxx
(insert name of budget agency)	xxx	xxx
TOTAL	xxx	xxx

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

8. OTHER GRANTS AND TRANSFERS

	2017/18	2016/17
	KShs	KShs
Scholarships and other educational benefits	xxx	xxx
Emergency relief and refugee assistance	xxx	xxx
Subsidies to small businesses, cooperatives, and self employed	xxx	xxx
Total	xxx	xxx

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

NAIROBI CITY COUNTY ASSEMBLY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SOCIAL SECURITY BENEFITS

	2017/18	2016/17
	KShs	KShs
Government pension and retirement benefits	48,943,862	xxx
Social security benefits in cash and in kind	Xxx	xxx
Employer Social Benefits in cash and in kind	Xxx	xxx
Total	48,943,862	xxx

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

10. ACQUISITION OF ASSETS

Non Financial Assets	2017/18	2016/17
	KShs	KShs
Purchase of Buildings	xxx	xxx
Construction of Buildings	xxx	xxx
Refurbishment of Buildings	110,375,396	64,335.728.25
Construction of Roads	xxx	xxx
Construction and Civil Works	xxx	xxx
Overhaul and Refurbishment of Construction and Civil Works	xxx	xxx
Purchase of Vehicles and Other Transport Equipment	xxx	xxx
Overhaul of Vehicles and Other Transport Equipment	10,986,000	xxx
Purchase of Household Furniture and Institutional Equipment	xxx	xxx
Purchase of Office Furniture and General Equipment	xxx	43,197,827.50
Purchase of ICT Equipment, Software and Other ICT Assets	40,012,819	xxx
Purchase of Specialised Plant, Equipment and Machinery	210,000	xxx
Rehabilitation and Renovation of Plant, Machinery and Equip.	xxx	xxx
Purchase of Certified Seeds, Breeding Stock and Live Animals	xxx	xxx
Research, Studies, Project Preparation, Design & Supervision	xxx	xxx
Rehabilitation of Civil Works	xxx	xxx
Acquisition of Strategic Stocks and commodities	xxx	xxx
Acquisition of Land	xxx	xxx

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Non Financial Assets	2017/18	2016/17
Acquisition of Intangible Assets	xxx	xxx
Financial Assets	xxx	xxx
Domestic Public Non-Financial Enterprises	xxx	xxx
Domestic Public Financial Institutions	xxx	xxx
Total	161,584,215	107,533,556

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2017/18	2016/17
	KShs	KShs
Bank Charges	83,999	298,826
Exchange Rate Losses	Xxx	Xxx
Other Finance costs	Xxx	Xxx
Interest on borrowings	Xxx	Xxx
Total	83,999	298,826

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

12. OTHER PAYMENTS

	2017/18	2016/17
	KShs	KShs
Budget Reserves	Xxx	Xxx
Civil Contingency Reserves	Xxx	Xxx
Capital Transfers to Non-Financial Public Enterprises	Xxx	Xxx
Capital Transfer to Public Financial Institutions and Enterprises	Xxx	Xxx
Capital Transfer to Private Non-Financial Enterprises	Xxx	Xxx
Other expenses	Xxx	Xxx
Domestic Accounts	Xxx	Xxx
Total	Xxx	Xxx

(Provide detailed explanations for other payments)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2017/18	2016/17
		KShs	KShs
<i>Name of Bank, Acc. No. & currency</i>	CRF Acc	Xxx	xxx
<i>Central Bank of Kenya , Acc. No. 100028657 & currency: Kshs</i>	Development Acc	7,350.00	9,283,618
<i>Central Bank of Kenya, Acc. No.1000193538 & currency: Kshs</i>	Recurrent Acc	91.90	33,434,189

NAIROBI CITY COUNTY ASSEMBLY
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<i>Central Bank of Kenya, Acc. No. & currency</i>	Deposits Acc	4,802,959.40	9,693,566
<i>Co-operative Bank of Kenya, Acc. No. 01141232417500& currency Kshs</i>	Co-op Imprest Acc.	6,034,097	12,150,237
<i>Co-operative Bank of Kenya, Acc. No. & currency Kshs</i>	Co-op Salary Acc	140,707.30	
Total		10,985,207	64,561,610.35

(NB: all bank accounts operated by the County Assembly should be included in this note.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2017/18	2016/17
	KShs	KShs
Cash in Hand – Held in domestic currency	xxx	Xxx
Cash in Hand – Held in foreign currency	xxx	Xxx
Total	xxx	Xxx

Cash in hand should be analysed as follows:

	2017/18	2016/17
	KShs	KShs
Location 1	xxx	Xxx
Location 2	xxx	Xxx
Location 3	xxx	Xxx
Total	xxx	Xxx

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

14. ACCOUNTS RECEIVABLE

	2017/18	2016/17
	KShs	KShs
Government Imprests	117,830,865	8,615,163.60
Clearance Accounts	Xxx	Xxx
Staff Advances	833,818	Xxx
Other Advances	Xxx	188,500
Total	118,664,684	8,803,663.60

**See Annex 6 for a detailed analysis of the outstanding imprests.*

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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15. ACCOUNTS PAYABLE

	2017/18	2016/17
	KShs	KShs
Deposits and Retentions	4,802,959	9,693,566.20
Other Liabilities - Pending Bills Payable	31,865,711	
Total	36,668,671	9,693,566.20

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

NAIROBI CITY COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2017/18	2016/17
	KShs	KShs
Bank accounts	64,561,610	109,036,500
Cash in hand	Xxx	Xxx
Accounts Receivables	Xxx	xxx
Accounts Payables	Xxx	xxx
Total	64,561,610	109,036,500

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2017/18	2016/17
	KShs	KShs
Adjustments on bank account balances	1,017,829.95	Xxx
Adjustments on cash in hand	Xxx	Xxx
Adjustments on payables	Xxx	Xxx
Adjustments on receivables	Xxx	xxx
Others (<i>specify</i>)	Xxx	889,901
Total	1,017,829.95	889,901

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

The prior year adjustment on the Bank Account Balances relates to an unspent amount as at the end of financial year 2016/17 which was returned to the National Treasury Account.

NAIROBI CITY COUNTY ASSEMBLY
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5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017/18	2016/17
	KShs	KShs
Construction of buildings	Xxx	67,688,950.40
Construction of civil works	Xxx	xxx
Supply of goods	7,499,133	9,885,397.35
Supply of services	20,796,868	2,375,250.00
Total	28,296,001	79,949,597.75

2. PENDING STAFF PAYABLES (See Annex 2)

Name of Staff	2017/18	2016/17
	KShs	KShs
Xxx	Xxx	xxx
Xxx	Xxx	xxx
Total	Xxx	xxx

3. OTHER PENDING PAYABLES (See Annex 3)

	2017/18	2016/17
	KShs	KShs
Amounts due to National Government entities	Xxx	xxx
Amounts due to County Government entities	Xxx	xxx
Amounts due to third parties	3,569,710	xxx
Total	3,569,710	xxx

4. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly.

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

NAIROBI CITY COUNTY ASSEMBLY
Reports and Financial Statements
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OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	20xx- 20xx Kshs	20xx- 20xx Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	451,736,288	542,469,276
Key Management Compensation(Clerk and Heads of departments)	xxx	9,000,000
Total Compensation to Key Management	451,736,288	551,469,276
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	xxx	xxx
Transfers to County Corporations	xxx	xxx
Transfers to non-reporting entities e.g ECD centres, welfare centres etc	xxx	xxx
Total Transfers to related parties	xxx	xxx
Transfers from related parties		
Transfers from the County Executive- Exchequer/CRF	1,451,734,423	xxx
Payments made on behalf of the County Assembly by other Government Agencies	xxx	xxx
Interbank Transfers	18,003,332.80	xxx
Total Transfers from related parties	1,469,737,755.80	xxx

The Inter-bank Transfers of Kshs.18,003,332.80 relates to a transfer of Kshs 4,554,066.80 and Kshs.13,449,266 transferred from Nairobi City County Assembly's Co-operative Bank of Kenya – Imprest Account to CBK Development and Recurrent Accounts respectively.

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5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Ag Clerk of the County Assembly

Sign..... 

Date... 30th June 2018

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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		a	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
		Sub-Total					
		Grand Total					

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ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
Sub-Total							
Amounts due to County Govt Entities							
2.							
Sub-Total							
Amounts due to Third Parties							
3.							
Sub-Total							
Others (<i>specify</i>)							
4.							
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land	-	-	-	-
Buildings and structures	64,335,728	110,375,396	-	174,711,124
Transport equipment	10,000,000	10,986,000	-	20,986,000
Office equipment, furniture and fittings	43,197,828	-	-	43,197,828
ICT Equipment, Software and Other ICT Assets	-	40,012,819	-	40,012,819
Other Machinery and Equipment	-	210,000	-	210,000
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	117,533,556	161,584,215	-	279,117,771

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on Acquisition of Assets during the year and subsequently the statement of receipts and payments.

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ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

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

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ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)