REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY

FOR THE YEAR ENDED 30 JUNE 2016

NAIROBI CITY COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Nairobi City County Assembly was created pursuant to Article 176(1) of the Constitution of Kenya.
Section 12 of the County Government Act (2012) establishes County Assembly Service Board (CASB) which is responsible for the general policy and strategic direction of the County Assembly.
These financial statements are prepared in compliance with Public Finance Management Act (Section 164) which requires the accounting officer of each county government entity to prepare financial statements in respect to the entity and Section 148(4) appoints the (Nairobi City) County Assembly Clerk as the Accounting Officer.

(b) Key Management

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 financial year ended 30th June, 2016 and who had direct fiduciary responsibility were:

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

(d) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements include;

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

(e) Nairobi City County Assembly Headquarters

P.O. Box 45844-00100
City Hall Building
Mama Ngina Street
Nairobi, KENYA

(f) Nairobi City County Assembly Contacts

Telephone: (254) 20221 6151
E-mail: info@nrbcountyassembly.go.ke
Website: www.nrbcountyassembly.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
   City Hall Branch
   P.O Box 44805
   GPO 00100
   Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

Senior Legal Counsel
Office of the Clerk
(Thro' Panel of Qualified Legal Advocates)
P.O. Box 45844
GPO 00100
Nairobi, Kenya

I. 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 42 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.1.8 Billion budgeted for in Financial Year (FY) 2015/2016, Kshs.1.7 Billion was received and spent representing 94% budgetary absorption rate. We still emphasis that the County Assembly's overreliance on the mercy of County Executive for funds, do compromise the County Government Legislative Arm's independence and oversight responsibility.

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 Conference Hall into Assembly Chambers, Installation of Multimedia Digital Systems in the Assembly Chambers, Construction of Security Grills around the precincts of the Assembly and Installation of CCTV Cameras to enhance security. 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.

JACOB NGWELE

CLERK TO THE NAIROBI CITY COUNTY ASSEMBLY

II. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 164 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of that entity. The financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board.

The Clerk of the Nairobi City 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 on 30th June, 2016. 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 Nairobi City 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 Nairobi City County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30th June, 2016 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 these financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the Nairobi City County Assembly has complied fully with applicable Government Regulations and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the Nairobi City 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 Nairobi City County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 30th June 2016.

Clerk to the Nairobi City County Assembly

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ASSEMBLY FOR YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Nairobi City County Assembly set out on pages 6 to 21, which comprise statement of the financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, 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.

Management's Responsibility for the Financial Statements

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 such 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.

The 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.

Auditor-General's responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1.0 Non Submission of a Trial Balance

The County Assembly has not provided a trial balance to support figures in the financial statements for the year under review. In the circumstance, completeness, accuracy and authenticity of the figures in the financial statements cannot be confirmed.

2.0 Discrepancies between Acquisition of Assets Records and Financial Statements

The statement of receipts and payments reflects an expenditure of Kshs.231,650,925 under acquisition of assets incurred during the year under review (2015 – Kshs.207,343,000) and as further disclosed under Note 10 to the financial statements. Included in the acquisition of assets cost are two sub-components; refurbishment of buildings and purchase of office furniture and general equipment totalling to Kshs.215,075,499. However, records maintained by the County Assembly for the two components reflect expenditure totalling Kshs.286,880,728 thus resulting in an unexplained difference of Kshs.71,805,229 as analysed below:

Details	Financial Statements (Kshs)	Supporting Schedules (Kshs)	Variance (Kshs)
Refurbishment of buildings	182,655,171	249,587,800	-66,932,629
Purchase of office furniture and general equipment	32,420,328	37,292,928	-4,872,600
Total	215,075,499	286,880,728	-71,805,229

From the foregoing, accuracy of the acquisition of assets expenditure of Kshs.231,650,925 for the year ended 30 June 2016 cannot be confirmed.

3.0 Revenue Receipts

The Statements of receipts and payments reflects total revenue of Kshs.1,706,066,000 for the year ended 30 June 2016 (2015-Kshs.1,433,963,000). However, bank statements for the period reflects receipts of Kshs.1,536,566,000 resulting in

unsupported receipts of Kshs.69,500,000. Consequently, the completeness and accuracy of the reported revenue of Kshs.1,706,066,000 for the year ended 30 June 2016 cannot be ascertained.

4.0 Use of Goods and Services

During the financial year under review, the Assembly spent Kshs.509,711,732 on use of goods and services, as further disclosed under Note 5 to the financial statements. However, expenditure amounting to Kshs.207,395,413 has not been supported by detailed ledger records and other requisite documentation. In the circumstance, it was not possible to confirm propriety of the unsupported expenditure of Kshs.207,395,413 on use of goods and services.

5.0 Other Grants and Transfers

The statement of receipts and payments also reflects under other grants and transfers an expenditure of Kshs.156,000,000, as further disclosed under Note 8 to the financial statements. The amount relates to transfers to the County Assembly Mortgage and Car Loan Fund. However, available information indicates that only Kshs.116,000,000 was received into the Assembly bank account during the year under review. The balance of Kshs.40,000,000 was received after the financial year end on 8 August, 2016 and would therefore relate to the 2016/17 financial year. In the circumstances, I am unable to confirm the accuracy of other grants and transfers amounting to Kshs.156, 000,000 as at 30 June 2016.

6.0 Bank Balances

6.1. Accuracy of Balances

The statement of financial assets reflects under cash-and-cash equivalents bank balances of Kshs.109,036,500. However the amount differs from the total amount of Kshs.108,566,499 arising from casting the balances disclosed under Note 13A to the financial statements. No explanation has been provided for the difference of Kshs.470,001.

6.2. Co-operative Bank Recurrent Account

Note 13A reflects Co-operative Bank recurrent account balance of Kshs.35,430,913. However, the recurrent account cashbook opening balance of Kshs.9,693,257 differs from the adjusted closing balance of Kshs.135,000 for the financial year 2014/15. No explanation has been provided for the anomaly.

6.3. Co-operative Development Bank Account

Note 13A to the financial statements further reflects Co-operative Bank development account balance of Kshs.13,966,832. However, the development account cash book

opening balance of Kshs.19,322,377 similarly differs from the adjusted cash book closing balance of Kshs.11,806,000 for the financial year 2014/15 by Kshs.7,516,377. Again, this anomaly has not been explained.

In the circumstance, it was not possible to confirm the accuracy of the bank balances of Kshs.109,036,500.

7. Budgetary Performance and Disclosures

7.1. Under-expenditure - Recurrent Vote

The statement of comparison of budget and actual amounts for the year under review shows the Assembly's approved recurrent budget of Kshs.1,539,946,922 against the actual expenditure of Kshs.1,377,320,368 (89%), resulting in under expenditure of Kshs.162,626,554 (11%). The under expenditure was incurred across all the four budget lines as analyzed below:

Budget Line	Approved Budget (Kshs)	Actual expenditure (Kshs.)	Under Absorption (Kshs.)	% Variance
Compensation of Employees	684,205,163	650,152,733	34,052,430	5%
Use of Goods and Services	539,397,662	509,711,732	29,685,930	6%
Other grants and Transfers	197,400,000	156,000,000	41,400,000	21%
Social Security Benefits	118,944,097	61,455,903	57,488,194	48%
Total Recurrent	**1,539,946,922**	**1,377,320,368**	**162,626,554**	11%
% of Total Budget	**100%**	**89%**	11%	

The under-absorption of approved budget is an indicator of non-implementation of activities in the annual work plan by the Assembly, and in the consequence, negative impact on the service delivery to the residents of Nairobi City County.

7.2. Under-expenditure- Development Vote

According to the statement of comparison of budget and actual amounts, the Assembly approved a budget of Kshs.258,723,810 for development projects of which Kshs.231,650,925 (89.5%) was expended resulting in under-expenditure of Kshs.27,072,885 or 10.5% of budget. The under-expenditure implies that the County Assembly did not implement or complete some of its projects as planned and hence the intended objectives of the budget for the year ended 30 June 2016 were not fully achieved in whole.

7.3 Failure to Provide Disclosures

No explanations have been rendered for the material variances between the approved budget and the actual expenditure contrary to the requirements of Section 164 (2) (9) (iv) of the Public Financial Management Act 2012 and International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting Reporting Framework paragraph 1.9.8. Consequently, the financial statements presented do not fully comply with IPSAS Cash Basis reporting format.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Nairobi City County Assembly as at June 30, 2016, and its of 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 Financial Management Act, 2012.

Other Matter

The following prior-year audit issues have not been resolved at all or resolved in a satisfactory manner:

1.0 Human Resource

1.1 Irregular Hire of Staff

As reported in the year 2014/15, the County Assembly advertised for 38 positions in various cadre in the local dailies on 19 and 20 July 2014. According to the Nairobi City County Assembly Service Board (NCCASB) report, one hundred and twenty three (123) people were shortlisted and one hundred and fifteen (115) were interviewed. However, information available indicates that NCCASB employed seven (7) additional staff contrary to the advertisement. No reason has been provided for the increased staff recruitment.

1.2 Employment and Labour Relations Court Petition No.33 of 2015

As reported in the previous year, the NCCASB advertised for the position of Deputy Clerk on 19 and 20 July 2014 through a local newspaper and three persons responded and were called for the interview. The panel passed a resolution that for a person to be appointed, the candidate must have scored at least 70% of the total marks. All the three candidates scored over 70% with the highest at 80% who was then recommended for appointment. The Board did not issue an appointment letter to the recommended candidate, but instead re-advertised the position on 23 March, 2015. No Board resolution was rendered for failure to appoint the successful candidate and as a result the position is still vacant.

This action resulted in a case (constitutional petition No. 33 of 2015) being filed in the Employment and Labour Relations Court of Kenya, on 9 April, 2015. According to the petition, the Board did not publish the scores attained in the original interviews before it re-advertised the post. In addition, no reasons were provided for failure to appoint the candidate who scored the highest marks (80%) as recommended by the Board. The failure by the Board to adhere to its rules and regulations may lead the County Assembly to incur unnecessary litigation costs.

1.3 Termination/Dismissals of Employees

As reported in the previous year, two officers Clerical Officer I and Second Clerk Assistant were dismissed from service of the County Assembly. Their letters of appointment dated 14 November, 2013 had specified the conditions of termination of employment namely that, "either party may give the other one month notice in writing assigning reasons thereto terminating this agreement". However, the letter of termination did not give reasons why employment contracts for the two were terminated. Consequently it has not been possible to confirm whether due process of law was followed in termination of the contracts.

2.0 Renovation of Conference Hall- Phase II

As reported in the previous year, the County Assembly on 19 November 2014, entered into a contract with a company for the proposed alteration, renovation and re-modelling of conference Hall Phase II at a contract sum of Kshs.216,019,318. Two works certificates a total value of Kshs.66,137,400 were issued during the financial year 2014/2015 in this respect. However, it was observed that certificates (number two) was for the supply of furniture and loose fittings not included in the initial contract but for which a provisional sum of Kshs.2,655,000 was paid. This payment was not supported with any documentary evidence. The propriety of the sum of Kshs.2,655,000 paid to the company has so far not been confirmed.

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

Nairobi

30 August 2017

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/16 Kshs	2014/15 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	1,706,000,000	1,433,963,000
Proceeds from Sale of Assets	2	-	
Other Receipts	3	66,000	-
TOTAL RECEIPTS		**1,706,066,000**	**1,433,963,000**
PAYMENTS			
Compensation of Employees	4	650,152,733	635,119,000
Use of goods and services	5	509,711,732	397,726,000
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	156,000,000	180,000,000
Social Security Benefits	9	61,455,903	-
Acquisition of Assets	10	231,650,925	207,243,000
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**1,608,971,293**	**1,420,081,000**
SURPLUS/DEFICIT		**97,094,707**	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2016 and signed by:

Clerk to the Nairobi City County Assembly

Principal Accountant – Nairobi City County Assembly

IV. STATEMENT OF FINANCIAL ASSETS

FINANCIAL ASSETS	Note	2015/16 Kshs	2014/15 Kshs
Cash and Cash Equivalents			
Bank Balances	13A	109,036,500	11,941,793
Cash Balances	13B	-	-
Total Cash and cash equivalents		-	-
Accounts receivables – Outstanding Imprests	14	-	-
TOTAL FINANCIAL ASSETS		-	-
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**109,036,500**	**11,941,793**
REPRESENTED BY			
Fund balance b/fwd	16	11,941,793	2,064,793
Surplus/Deficit for the year		97,094,707	9,877,195
Prior Year Adjustments		-	-
NET FINANCIAL POSITION		**109,036,500**	**11,941,793**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2016 and signed by:

Clerk to the Nairobi County Assembly

Principal Accountant – Nairobi County Assembly

V. STATEMENT OF CASHFLOW

	Note	2015/16 Kshs	2014/15 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	1,706, 000,000	1,433,963,000
Other Receipts	3	66,000	77,000
Payments for operating expenses			
Compensation of Employees	4	650,152,733	635,112,000
Use of goods and services	5	509,711,732	397,726,000
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	156,000,000	180,000,000
Social Security Benefits	9	61,455,903	-
Finance Costs	11	-	-
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**328,745,632**	**221,202,000**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	231,650,925	207,243,000
Net cash flows from investing activities		**231,650,925**	**207,243,000**
NET INCREASE IN CASH AND CASH EQUIVALENT		**97,094,707**	**13,960,000**
Cash and cash equivalent at BEGINNING of the year		**11,941,793**	**124,000**
Cash and cash equivalent at END of the year		**109,036,500**	**11,941,793**
As per statement of assets		-	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2016 and signed by:

Clerk to the Nairobi City County Assembly

Principal Accountant – Nairobi County Assembly

VI STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation difference to final budget
	a	b	c=a+b	d	e=c-d	f=d/c%
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	1,697,830,087	131,690,795	1,829,520,882	1,706,000,000	160,520,882	91%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts – (Sale of Tender Documents)	-	-	-	66,000	-	
TOTAL	**1,697,830,087**	**131,690,795**	**1,829,520,882**	**1,706,066,000**	**160,520,882**	
PAYMENTS						
Compensation of Employees	766,658,796	(82,453,633)	684,205,163	650,152,733	34,052,430	95%
Use of goods and services	465,897,509	73,500,153	539,397,662	509,711,732	29,685,930	94%
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	-	
Other grants and transfers (Mortgage & Car Loan)	197,400,000	-	197,400,000	156,000,000	41,400,000	79%
Social Security Benefits	118,944,097	-	118,944,097	61,455,903	57,488,194	52%
Acquisition of Assets	45,423,434	213,300,376	258,723,810	231,650,925	27,072,885	90%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation difference to final budget
	a	b	c=a+b	d	e=c-d	f=d/c%
Finance Costs	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTAL	**1,594,323,836**	**204,346,896**	**1,798,670,732**	**1,608,971,293**	**189,699,439**	**89%**

The entity financial statements were approved on 30th June 2016 and signed by:

Clerk to the Nairobi City County Assembly

Principal Accountant – Nairobi City County Assembly

VII. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Nairobi City County Assembly.

2. Recognition of revenue and expenses

Nairobi City County Assembly recognises all revenues from the various sources when the event occurs and the related cash has actually been received by Nairobi City County Assembly. In addition, the County Assembly recognises all expenses when the event occurs and the related cash has actually been paid out by Nairobi City County Assembly.

3. In-kind contributions

In-kind contributions are donations that are made to Nairobi City 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 County Assembly includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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.

5. 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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of Nairobi City County Assembly at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (Cash Basis), the same accounts classification basis, and for the same period as the financial statements. Nairobi City County Assembly's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Nairobi City County Assembly's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

VIII NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2015/16	2014/15
	Kshs	Kshs
Total Exchequer Releases for quarter 1	247,000,000	327,963,000
Total Exchequer Releases for quarter 2	405,000,000	400,000,000
Total Exchequer Releases for quarter 3	422,000,000	400,000,000
Total Exchequer Releases for quarter 4	632,000,000	306,000,000
Cumulative Amount	**1,706,000,000**	**1,433,963,000**

2 PROCEEDS FROM SALE OF ASSETS

	2015/16	2014/15
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks.	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS

	2015/16	2014/15
	Kshs	Kshs
Sale of Tender Documents	66,000	77,000
		-
		-
		-
		-
Total	**66,000**	**77,000**

4 COMPENSATION OF EMPLOYEES

	2015/16	2014/15
	Kshs	Kshs
Basic salaries of permanent employees	302,466,832	269,848,000
Basic wages of temporary employees	71,169,300	73,719,000
Personal allowances paid as part of salary	252,775,261	277,056,000
Personal allowances paid as reimbursements	8,030,855	8,296,000
Personal allowances provided in kind	-	-
Pension and other social security contributions	12,548,685	-
Compulsory national social security schemes	161,800	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	3,000,000	-
Total	**650,152,733**	**635,112,000**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 USE OF GOODS AND SERVICES

	2015/16	2014/15
	Kshs	Kshs
Utilities, supplies and services	944,800	-
Communication, supplies and services	6,744,710	3,507,000
Domestic travel and subsistence	164,270,740	114,498,000
Foreign travel and subsistence	113,230,520	91,299,000
Printing, advertising and information supplies & services	17,125,546	14,999,000
Rentals of produced assets	-	-
Training expenses	59,484,339	43,195,000
Hospitality supplies and services	17,456,994	16,177,000
Insurance costs	46,065,056	46,177,000
Specialized materials and services	2,029,376	1,636,000
Office and general supplies and services	8,931,397	8,109,000
Other operating expenses	65,404,807	52,431,000
Routine maintenance – vehicles and other transport equipment	5,267,727	2,706,000
Routine maintenance – other assets	2,755,720	3,814,000
Total	**509,711,732**	**398,548,000**

6 SUBSIDIES

Description	2015/16	2014/15
	Kshs	Kshs
Subsidies to Public Corporations		
	-	-
	-	-
Subsidies to Private Enterprises		
	-	-
	-	-
	-	-
TOTAL	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2015/16	2014/15
	Kshs	Kshs
Transfers to National Government entities	-	-
	-	-
	-	-
Transfers to Counties	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

8 OTHER GRANTS AND TRANSFERS

	2015/16	2014/15
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	156,000,000	180,000,000
Other capital grants and transfers	-	-
	-	-
Total	**156,000,000**	**180,000,000**

**This is a transfer to Mortgage and Car Loan Fund*

9 SOCIAL SECURITY BENEFITS

	2015/16	2014/15
	Kshs	Kshs
Government pension and retirement benefits	61,455,903	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**61,455,903**	-

10 ACQUISITION OF ASSETS

Non-Financial Assets	2015/16	2014/15
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	182,655,171	149,160,000
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	10,000,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	32,420,328	47,245,000
Purchase of ICT Equipment, Software and Other ICT Assets	6,575,426	-
Purchase of Specialized Plant, Equipment and Machinery	-	10,838,000
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**231,650,925**	**207,243,000**

11 FINANCE COSTS

	2015/16	2014/15
	Kshs	Kshs
Bank Charges	-	-
Exchange Rate Losses	-	-
Other Finance costs	-	-
	-	-
Total	-	-

12 OTHER PAYMENTS

	2015/16	2014/15
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
Total	-	-

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether Recurrent or Development	2015/16	2014/15
		Kshs	Kshs
Central Bank of Kenya, Acc. No.1000286587 & Currency-Kshs	Development Acc	11,800,415	-
Central Bank of Kenya, Acc. No.1000193538 & Currency- Kshs	Recurrent Acc	47,368,338	-
Central Bank of Kenya, Acc. No.1000286598& Currency-Kshs	Deposit Acc	-	-
Co-operative Bank of Kenya, Acc No.01141232417501& Currency -Kshs	Development Acc	13,966,832.89	11,806,000
Co-operative Bank of Kenya, Acc No.01141232417500& Currency -Kshs	Recurrent Acc	35,900,914.38	135,000
Total		**109,036,500.27**	**11,941,000**

SUMMARY OF FIXED ASSETS

ASSET CLASS	HISTORICAL COST (KSH) 2015/16	HISTORICAL COST (KSH) 2014/15
Land	-	-
Buildings and Structures	182,655,171	149,160,000
Transport Equipment	10,000,000	-
Office Equipment, Furniture and Fittings	32,420,328	47,245,000
ICT Equipment, Software and other ICT Assets	6,575,426	10,838,000
Other Machinery and Equipment		
Heritage and Cultural Assets		
Intangible Assets		
TOTAL	**231,650,925**	**207,243,000**