REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF NYERI

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
01 OCT 2020
RECEIVED
P.O. Box 267 - 10100, NYERI

AMENDED COPY

NYERI COUNTY
it is all about you

COUNTY GOVERNMENT OF NYERI

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2019

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

TABLE OF CONTENTS

TABLE OF CONTENTS i

1. KEY NYERI COUNTY GOVERNMENT INFORMATION AND MANAGEMENT ii

2. FORWARD BY THE CEC viii

Table 1: Exchequer Releases from the National Treasury and transfers from other Government Agencies during the Financial Year 2018/2019 ix

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES xx

4. REPORT OF THE INDEPENDENT AUDITORS ON NYERI COUNTY GOVERNMENT xxi

5. FINANCIAL STATEMENTS 1

5.1. STATEMENT OF RECEIPTS AND PAYMENTS 1

5.2. STATEMENT OF ASSETS AND LIABILITIES 2

5.3. STATEMENT OF CASH FLOWS 3

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED 5

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT 6

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT 7

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 8

5.8. SIGNIFICANT ACCOUNTING POLICIES 15

5.9. NOTES TO THE FINANCIAL STATEMENTS 20

5.10. OTHER IMPORTANT DISCLOSURES 35

5.11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 37

ANNEXES 40

ANNEX 2 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER 42

ANNEX 3 – ANALYSIS OF ARREARS FROM NATIONAL TREASURY & CONDITIONAL GRANTS 43

ANNEX 4 – ANALYSIS OF PENDING ACCOUNTS PAYABLE 44

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER 45

ANNEX 6 – INTER-ENTITY TRANSFERS 46

ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT 47

ANNEX 8 – BANK RECONCILIATION/FO 30 REPORT 48

ANNEX 9 – BANK RECONCILIATION/FO 30 REPORT 49

ANNEX 10 – BANK RECONCILIATION/FO 30 REPORT 50

ANNEX 11 – BANK RECONCILIATION/FO 30 REPORT 51

1. KEY NYERI COUNTY GOVERNMENT INFORMATION AND MANAGEMENT

a) Background information

The County Government is constituted as per the Constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

Vision: *A wealthy county with happy, healthy and secure people*
Mission: *To create and sustain an environment that unlocks potential of the people of Nyeri to achieve progressive socio-economic growth by running an open government.*

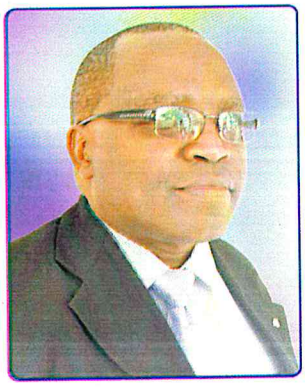
Key Management

The County Government of Nyeri day-to-day management is under the following key structure;

Deputy Governor
Her Excellency Dr. Caroline Karugu

County Secretary
MR. GACHICHIO BENJAMIN WACHIRA

Speaker of the County Assembly
HON. JOHN KAGUCIA



CEC Finance and Economic Planning
MR. MWANGI ROBERT THUO

CEC Public Service Management
MS. BETH KARIMI

CEC Gender, Youth & Social Service
MS. ESTHER NDUNGU

CEC Trade, Tourism and Co-Operative
MS. TARICHIA DIANA KENDI

CEC Water, Environment, Natural Resources and Sanitation

MR. KINYUA FREDRICK WANJOHI

CEC Transport, Public Works and Infrastructure

MR. KARIUKI MUTHUI

CEC Health Services

DR. RACHAEL KAMAU

CEC Land, Physical Planning, Housing and Urbanization

DR. WANJARIA DANIEL KWAI

CEC Agriculture, Livestock and Fisheries

MR. WACHIHI

CEC Education, Sports, Science and Technology

MS. MACHARIA MARGARET WANGECHI

b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Portfolio	Name
1.	Accounting Officer	Finance and Accounting	**John Ngugi**
2.	Accounting Officer	Economic Planning	**Francis M. Kirira**
3.	Accounting Officer	Lands, Housing, Planning and Urbanization	**Hannah Maranga**
4.	Accounting Officer	Department of Health Services	**Newton Wambugu**
5.	Accounting Officer	Education, Science and Technology	**Simon Wachira Ngatia**
6.	Accounting Officer	Department of Public Service	**Joseph Kanyi King'ori**
7.	Accounting Officer	Infrastructure, Roads and Public Works	**Julius Ringera**
8.	Accounting Officer	Agriculture, livestock & Fisheries	**Ruth Mwangi**
9.	Accounting Officer	Trade, Tourism And Co-Operatives	**Ibrahim Adan Eden**
10.	Accounting Officer	Gender, Social Services & Sports	**Susan Kinyua**
11.	Accounting Officer	Water, Environment and Natural Resources	**Mwangi Kamanja**
12.	Accounting Officer	County Secretary's Office	**Solomon N. Chengecha**
13.	Accounting Officer	Governor's Office	**Pauline Ndegwa**
14	Accounting Officer	County Assembly	**Jenard Mwiggeh**

c) Fiduciary Oversight Arrangements

- County Assembly of Nyeri
- Audit Committee
- Public Accounts Committee
- Budget and Appropriations Committee; and
- Finance Committee

d) County Government of Nyeri Headquarters

P.O. Box 1112-10100
Town Hall Building
Kenyatta Road/Highway
NYERI, KENYA

Telephone: (254) 0612030700
E-mail: infonyericounty@gmail.com
Website: www.nyeri.go.ke

e) County Government of Nyeri Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya
2. Kenya Commercial Bank
   Nyeri Branch
3. Co-operative Bank of Kenya
   Nyeri Branch

f) Independent Auditors

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

g) Principal Legal Adviser

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

2. FORWARD BY THE CEC

These financial statements are prepared in accordance with Section 163, 164, and 165 of the Public Finance Management Act, 2012. Section 163 requires all County Governments through their respective County Treasuries to prepare financial statements at the end of every financial year. The preparation of these statements is in accordance with the guidelines, standards and formats prescribed by the Public Sector Accounting Board (PSAB). The financial statements provide a representative, true and fair view of the financial position of the County as at 30th June 2019.

It is with great pleasure that we present to you the Financial Statements for the FY 2018/2019. This report makes available information on the various county departments and entities for the FY 2018/2019. It highlights the performance of Revenue Collection, National Government transfers to County Revenue Fund (CRF), Exchequer releases/ Requisitions from CRF, departmental expenditure as well as expenditures from other county entities.

Multiple projects and programs have been executed to completion stage in the financial year 2018/2019 while a few are still ongoing. The projects details in terms of the major achievements and flagship projects are highlighted in this report. Absorption of the budget has been a critical issue and the amount of money paid for projects/programs implemented during the year is provided together with the level of implementation.

There may be a number of the project activities during the period under review that were either not completed or paid for and therefore will continue to be implemented and paid for during the current fiscal year as pending bills or roll over projects. The County Government through the relevant department plans ensured continued monitoring of the projects/programs through the quarterly reports to guarantee timely implementation of corrective measures and to avoid unnecessary fiscal pressures resulting from the accumulation of pending bills.

The County Treasury recognizes and appreciates the efforts made by all county departments, entities and other stakeholders in the implementation of the planned activities, during the financial year 2018/2019 despite the myriad of challenges and insatiable demands. We have therefore intensified our efforts and to ensure maximum absorption of the development budget while observing prudency in management of public resources entrusted on us as the County Government.

Financial Performance

a) Revenue

The approved budget for the FY 2018/2019 amounts to Kshs. 8,836,544,071 comprising of Kshs. 5,975,853,000 for recurrent and Kshs 2,860,691,071 for development. Over this period, the County Government raised Own Source Revenue (OSR) amounting to Kshs 837,394,937 (83.7 % of the annual target) in addition to Kshs. 6,370,900,419 received from National Government consisting of the equitable share, conditional grants and transfers from other government agencies.

Table 1: Exchequer Releases from the National Treasury and transfers from other Government Agencies during the Financial Year 2018/2019

TRANSFERS FROM THE NATIONAL GOVERNMENT FOR THE FINANCIAL YEAR 2018-2019 AS AT 30TH JUNE 2019		
Description	**TOTAL ALLOCATION FOR FY 2018/2019 (CARA)**	**AMOUNT DISBURSED AS AT 30/06/2019**
	Kshs	**Kshs**
Equitable Share	5,024,000,000	5,024,000,000
Level 5 Hospitals	407,861,272	407,861,272
Road Maintenance Fuel Levy Fund	132,277,544	165,996,793
User Fees Forgone	13,701,379	13,701,379
Development of Youth Polytechnics	28,795,000	0.00
DANIDA - Universal Health Care in Devolved Units (UHDSP)	16,605,000	16,605,000
Kenya Devolution Support Program (KDSP) Level 1 (WB)	43,740,998	0.00
Kenya Devolution Support Program (KDSP) Level 2 (WB)	229,776,792	229,776,792
World Bank Kenya Climate Smart Agriculture – KCSAP	117,000,000	40,980,203
KUSP - Kenya Urban Support Project Grant (UDG)	277,839,100	277,839,100
THUSCP Allocation - transforming Health Care System (WB)	50,000,000	27,901,561
Universal Health Care Program (UHC) – GOK	319,788,780	159,894,390
Agricultural Sector Development Support Programme	17,424,659	6,343,929
TOTAL TRANSFERS	**6,678,810,524**	**6,370,900,419**

Table 2: County Own Revenue Performance Comparison

Description	**Annual Targeted Revenue**	**FY 2018-2019**	**Comparative FY 2017-2018**	**Percentage Increase in Revenue Collection**
	Kshs	**Kshs**	**Kshs**	**(%)**
County Own Source Revenue	**1,000,000,000**	**837,394,937.00**	**760,186,651.00**	**10.15%**

The County's own source revenue of Kshs. 837,394,937 represents an increase of Kshs. 77,208,286 (10.15 %) compared to last year's collection of Kshs. 760,186,651 over the same period.

The chart below shows the analysis of the county own revenue collection for the two consecutive financial years.

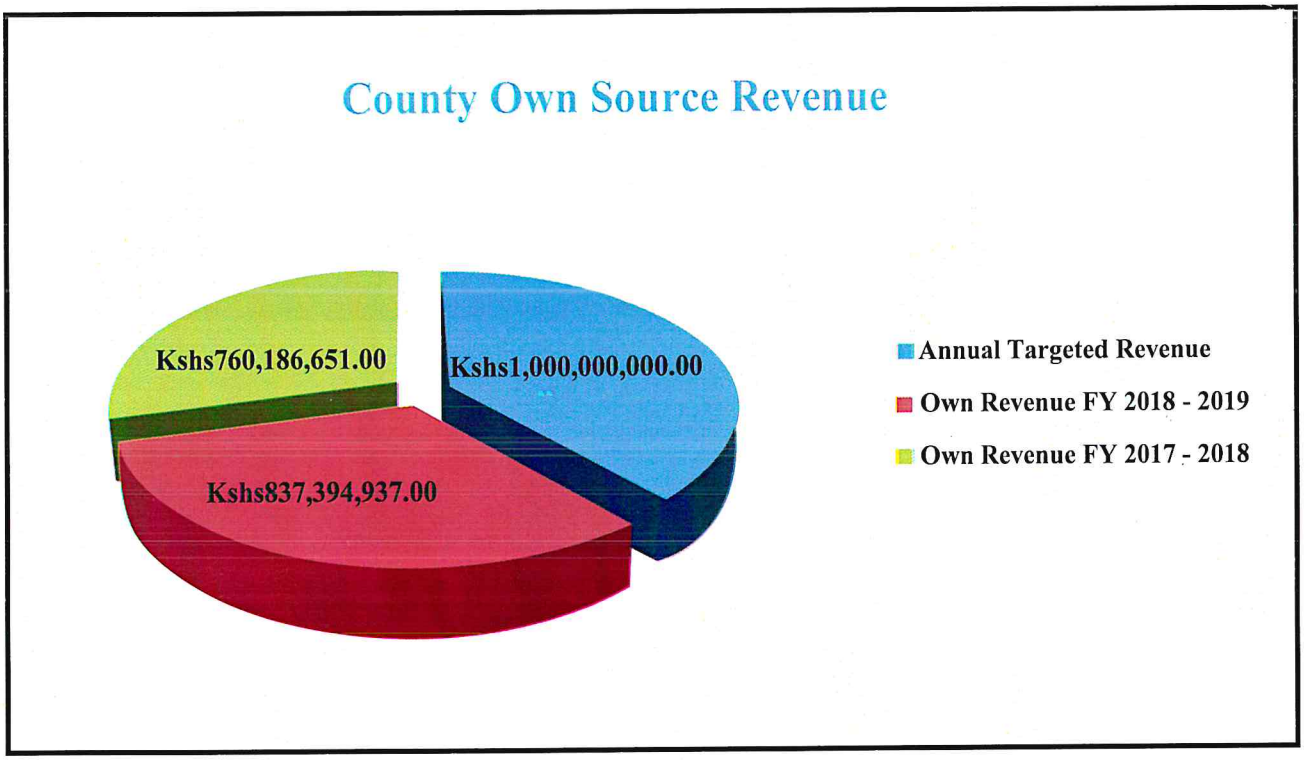


Figure 1 (A): Own Source of Revenue Performance

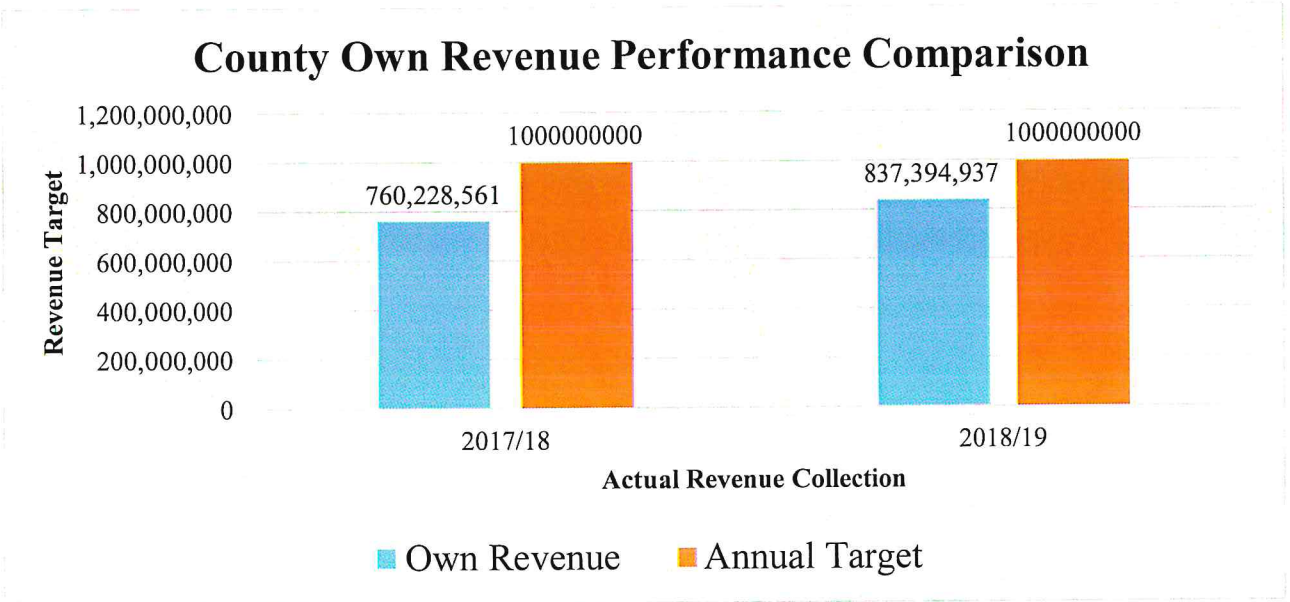


Figure 1 (B): Own Source of Revenue Performance

b) Expenditure

By the end of the fourth quarter of the FY 2018/2019, the expenditure on development amounted to Kshs. 1,905,746,532.30 (67%) of the development budget while Kshs. 5,559,187,885.10 was spent on recurrent expenditures (93.02%) with an overall expenditure absorption rate of 84.5%.

In the FY 2018/2019, the county experienced improved absorption of funds which can be attributed to the concerted efforts by the county leadership in ensuring adherence to the implementation procedures and timelines. The county treasury has been keen in streamlining its processes for optimal utilization of allocated funds as planned and budgeted.

Table 3: Development Budget Performance

Development Budget Performance by Departments For FY 2018/2019			
Departments	**Budget Allocation (Kshs)**	**Actual Expenditure (Kshs)**	**Absorption rate (%)**
Office of the Governor & Deputy Governor	40,000,000	0.00	0%
Office of the County Secretary	8,387,292	1,737,399.30	20.70%
Finance and Economic Planning	311,193,346	271,492,184.35	87.20%
Lands, Physical Planning, Housing and Urbanization	358,752,031	78,813,760.6	22.00%
Health, Public Health and sanitation	244,550,200	118,984,828.45	48.70%
Gender and Social Services	21,477,939	9,821,008.60	45.70%
County Public Service, Administration & Youth Affairs	5,000,000	4,980,600.00	99.60%
Agriculture, Livestock and Fisheries	216,088,428	109,121,366.00	50.50%
Trade, Culture, Tourism & Cooperative Development	119,372,969	84,034,562.20	70.40%
Education, Science and Technology	163,299,351	133,849,978.25	82.00%
Water, Environment & Natural resources	320,310,330	242,652,734	76.30%
County Public Service Board	0.00	0.00	0%
Transport, Public Works & Infrastructure	1,047,259,185	848,460,097.15	81.02%
County Assembly	5,000,000	1,718,013.00	34.40%
TOTAL	**2,860,691,071**	**1,905,666,531.90**	**67%**

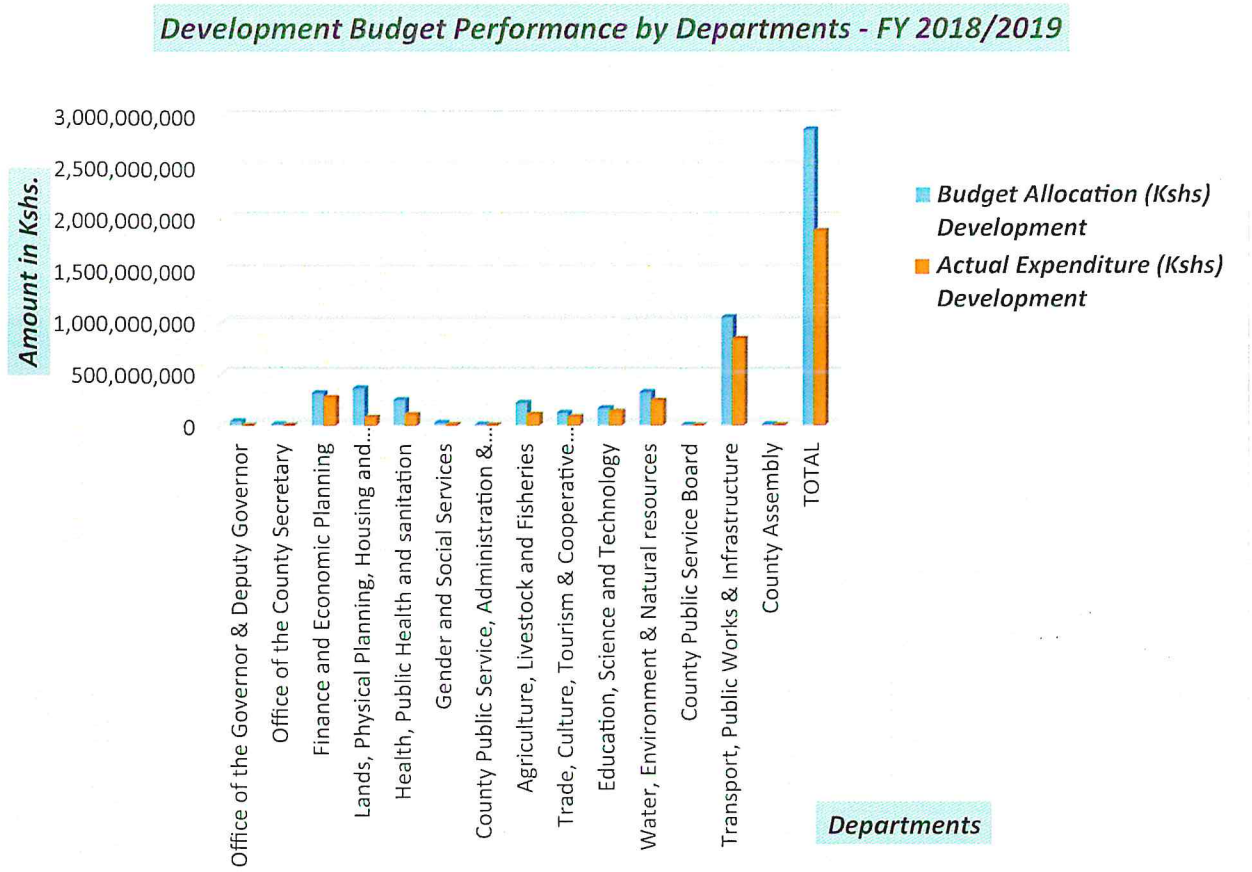


Figure 2: Development Budget Performance

Table 4: Recurrent Budget Performance

Recurrent Budget Performance by Departments For FY 2018/2019			
Departments	**Budget Allocation (Kshs)**	**Actual Expenditure (Kshs)**	**Absorption rate (%)**
	166,261,242	148,760,650.70	89.50%
Office of the County Secretary	234,579,318	224,378,369.40	95.65%
Finance and Economic Planning	557,992,792	488,871,994.20	87.60%
Lands, Physical Planning, Housing and Urbanization	52,609,464	49,804,558.10	94.70%
Health, Public Health and sanitation	2,809,429,526	2,631,001,118	93.60%
Gender and Social Services	122,135,646	110,843,041.55	90.75%
County Public Service, Administration & Youth Affairs	184,569,365	181,935,915.95	98.60%
Agriculture, Livestock and Fisheries	372,337,949	333,574,745.25	89.59%
Trade, Culture, Tourism & Cooperative Development	63,287,961	61,047,811.45	96.50%
Education, Science and Technology	413,563,471	381,888,934.05	92.30%
Water, Environment & Natural resources	139,550,264	120,145,093.15	86.10%
County Public Service Board	43,224,314	39,790,581	92.05%
Transport, Public Works & Infrastructure	156,860,439	132,396,012.50	84.50%
County Assembly	659,451,249	654,648,159.85	99.30%
TOTAL	**5,975,853,000**	**5,559,086,985.15**	**93.02%**

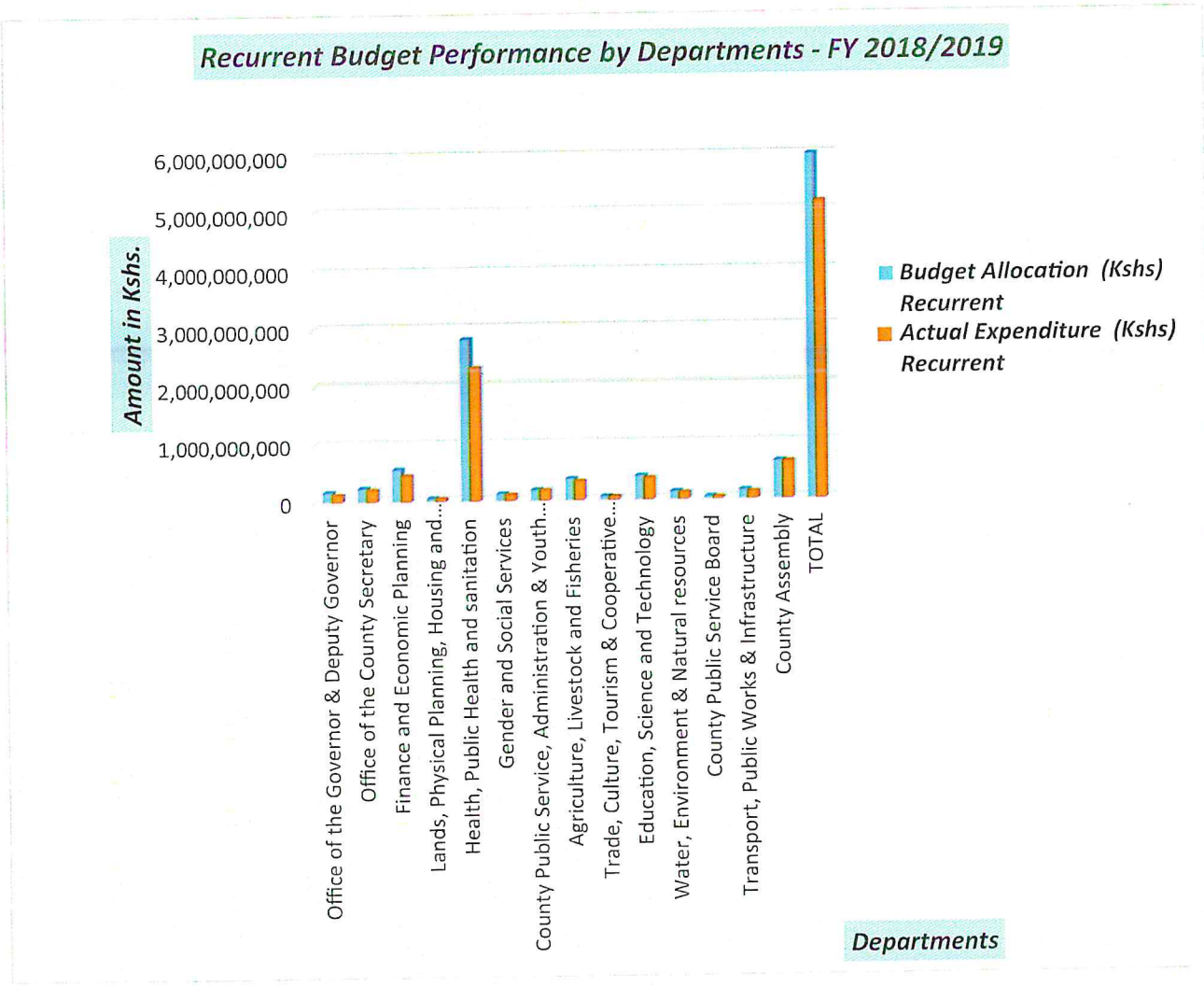


Figure 3: Recurrent Budget Performance

Performance of key development projects

1) Department of Transport, Public Works, Infrastructure and Energy

The department of Transport, Public Works, Infrastructure and Energy under the theme of improving road connectivity and opening new roads undertook various development projects which include affirmative action under 10kms per ward in Kieni constituency and 8kms in each and every ward. The department also purchased various specialized machinery and equipment where they procured one Motor Grader & five dump truck tippers at a cost of Kshs. 13,580,000.00 & Kshs. 42,150,000.00 respectively.

Under the Road Levy Maintenance Fund (RLMF) the department spent Kshs. 107,754,825 in Pothole Patching and Asphlat Overlay of Selected Roads in Karatina Town, & Nyeri town including; Kimathi way, Kuku lane junction to temple road Junction- Megji Rupshi junction to Kuku Lane Junction and also the Upgrading to bitumen standard of Railway -DCS office -Ragati Bridge road (0.6km) - Biashara Plaza- DEB Pry- Law Courts Road, and the re-carpeting of selected roads in Nyeri Town.

The department also rehabilitated 30 high masts at a cost of Kshs. 12,178,144.00 to improve on security and extension of business working hours therefore contributing to the growth of the county economy. Ksh. 9,391,560.00 was spent on Paving of Mukurwei-ini Bus Park to improve working condition of the bus park.

Road Re-carpeting In Karatina Town.

Nyeri Town - Kuku lane

Mukurwei-ini Bus stage tarmacking.

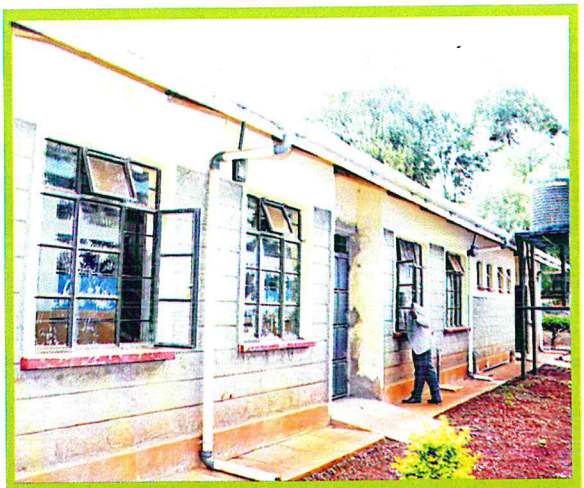
2) Department of Land, Physical Planning, Housing and Urbanization

The department of Land and Physical Planning was allocated Kshs. 358,752,031. The department undertook feasibility study to decongest the Nyeri town Central Business District at a cost of Kshs. 17,126,421.00 and Kshs. 26,849,654.64 for Preparation of Nyeri County Spatial Plan where the Base map is ready and the stakeholders can analyse and get the report.

3) Department of Health Services

The department of Health Services was allocated the largest budget amounting to Ksh. 3.053 billion of which Kshs. 2.809 billion was allocated to recurrent budget. Improvement of health care being one of the flagship project for the county development spent Kshs. 28,050,000.00 on supply of laboratory materials and pharmaceuticals to Nyeri County Health Facilities; Ksh. 24,510,068.00 on supply and delivery of medical equipment at Nyeri County Referral Hospital; Ksh. 9,390,478.00 for Renovation Works at Nyeri County Referral Hospital Main Works Lot 3- Walkways, Casualty Road and Gates; Kshs. 9,000,000.00 proposed construction and completion of accidents and emergency outpatient block at Karatina district hospital and Ksh. 9,995,492.64 for proposed construction of new Naromoru Level 4 Hospital (Main Works).

On universal health care coverage (UHC), Nyeri County was identified as a pilot County and allocated Kshs. 319 Million of which Kshs. 159 Million was received in the financial year to improve the health welfare of the Nyeri residents and the amount was transferred to the special purpose account for onward transfer to most primary health care facilities.



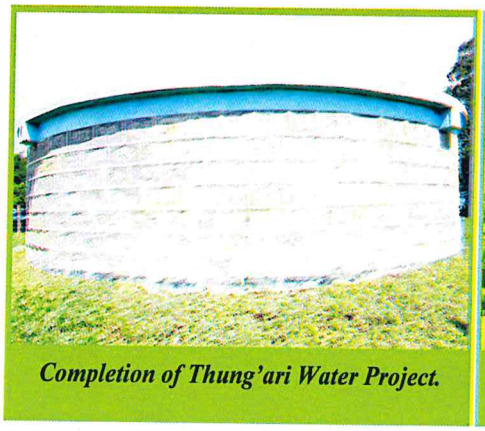
Construction work of Karatina Hospital's store and New born Unit health services

Health Services CS Sicily Kariuki with H.E governor MUTAHI KAHIGA as they launched the Universal Health Coverage (UHC) registration in Nyeri County.

4) Department of Water, Environment, Natural Resources and Sanitation

On providing access to clean water and ensuring food sustainability, the County Government allocated Kshs. 320,310,330 to the department of Water, Environment, Natural Resources and Sanitation for expansion of water lines and improving water connectivity where it absorbed Kshs. 241,215,984. Kshs. 8,500,000 was for procurement of specialized refuse collection truck and Kshs. 22,580,000 was used to purchase a bulldozer which will be used in the waste management and can also be used in the department of Infrastructure for opening of new roads.

The department also constructed 16 refuse chambers for effective waste collection. Ksh. 13,977,400 was used in the supply of pipes and fittings in Karatina Ward for Karithii Community Water project that will help in connecting a bigger number of households with clean water. Kshs. 12,972,812 & Kshs. 10,944,525.75 were used in drilling and equipping boreholes with Solar Panel respectively in various wards namely; Mugunda, Gataragwa, Endarasha/Mwiyogo, Mweiga, Gakawa, Narumoru/Kiamathaga, Kabaru, Thegu River, Magutu and Konyu. Also Kshs. 12,639,445 was used in Naromoru treatment plant which improved water quality and reduced water borne diseases.



Completion of Thung'ari Water Project.

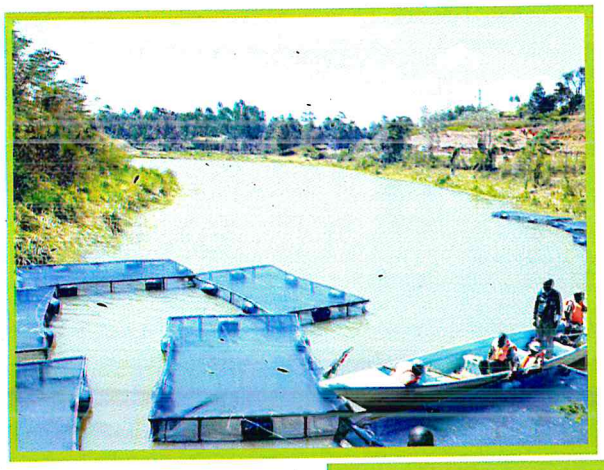
H.E Governor Mutahi Kahiga during the Commissioning of new boreholes drilling and powering the existing machines.

5) Department of Agriculture, Livestock and Fisheries

The department of Agriculture under the theme of a healthy county, the department started the Cage fish farming in Chinga and Hohwe dam by installing cages and stocking them with mono sex fingerlings at a cost of Kshs. 9,883,659.00 to improve food security and also encourage residents on aquaculture development to diversify farm income, production and address the issue of food and nutrition security. Under the Breeds and breeding Program the department procured semen for Livestock breeding and breed improvement at a cost of Kshs. 10,896,460.00. It also took incentive under the Greening program (Fruit tree Project) by procurement of fruit tree seedlings for farmers at a cost of Kshs. 20,563,990.00 in all the wards which will improve the food security and tree coverage. This project will not only help increase tree cover but will also ensure that farmers get an extra stream of income and hence lead to improvement of their standard of living.

6) Department of Education, Youth, Sports and ICT

The department of Education, Sports, Science and Technology was allocated Kshs. 576,862,822 with an absorption of Kshs. 511,036,422 translating to 88.59% absorption rate. For purpose of improving Education in the county, the department constructed several ECDE classes and equipped them with modern learning materials worth Kshs. 8,665,500.00 where learners will be studying in an improved learning environment. It also set aside Kshs. 100 Million



Rehabilitation and Construction of fishponds.

to cater for the bursary for the bright & needy students in the County. To improve the internet connectivity, the department, upgraded the County server at a cost of Kshs. 7,894,316.00. The department also completed various youth polytechnic and sports stadia within the various sub counties in the County.

New Othaya Polytechnic Workshop

H. E Governor Mutahi Kahiga flagged off ECDE materials to be used in 437 ECDE Centres across the county.

Comment on value-for-money achievements

- The County residents' lives were greatly improved as they were the one involved in undertaking the project, in regards to provision of labour and supply of materials.

Challenges and Recommended Way Forward

During the reporting period, the challenges encountered were:

- Late disbursements of funds from the exchequer,
- Pending bills

The way forward to counter the challenges includes:

- Timely release of funds from the exchequer to counter rise of pending bills

We are also called upon to use the limited resources prudently for maximum benefits to our people successful implementation of the CADP that will result into better delivery of services to *mwananchi* while contributing immensely to the growth of the local economy.

Robert Thuo Mwangi.

County Executive Committee Member

FINANCE AND ECONOMIC PLANNING

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2019.

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 Government;

(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 Government;

(v) Selecting and applying appropriate accounting policies;

(vi) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government'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 CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the FY 2018/2019 ended June 30, 2019, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government'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 CEC member for finance confirms that the County Government'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 CEC member for finance on 29/09/~~2019~~ 2020.

County Executive Committee Member – Finance & Economics Planning

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF NYERI FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Executive of Nyeri set out on pages 1 to 39, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statements of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Nyeri as at 30 June, 2019, 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 comply with the Public Finance Management Act, 2012 and the County Governments Act,2012.

Basis for Qualified Opinion

1. Unconfirmed Salary Expenditures

The statement of receipts and payments for the year ended 30 June, 2019 reflects expenditure totalling Kshs.3,362,515,059 incurred on compensation of employees. However, examination of payroll records indicated that salaries totalling Kshs.366,305,348 were paid to 872 employees who were not included in the Integrated Payroll and Personnel Database (IPPD) system. The payees included Early Childhood Development teachers, interns, staff without payroll numbers and those owed outstanding salaries.

Management did not provide any plausible explanation for failing to include the staff in the approved IPPD payroll system. In addition, sufficient records were not presented for audit to confirm that the payees were bona fide employees of the County Government, and had earned all the monies paid to them.

In view of the anomaly, the occurrence and validity of the expenditure totalling Kshs.3,362,515,059 paid outside the IPPD have not been confirmed.

2. Unsupported Transfers to Youth Polytechnics

The statement of receipts and payments for the year ended 30 June, 2019 reflects other grants and transfers expenditure totalling Kshs.555,980,483, as further disclosed in Note 15 to the financial statements. The expenditure includes other current transfers, grants and subsidies totalling Kshs.49,072,068 which in turn include Kshs.42,631,848 capitation and conditional grants remitted to youth polytechnics in the County. However, a review of the respective records revealed the following anomalies:

i. transfers totalling Kshs.9,421,848 to eight (8) polytechnics were not supported by receipts or letters from the institutions acknowledging receipt of the funds.

ii. expenditure returns including delivery notes, invoices and tender documents for the expenditures incurred against the grants were not availed for audit review; and

iii. no requisitions or bills of quantities from the polytechnics were presented for audit review to confirm use of grants totalling Kshs.9,076,848 earmarked for refurbishment of old buildings in the institutions. Further, an audit inspection carried out in September, 2019 confirmed that none of the funded refurbishment projects was implemented.

Consequently, receipt of all the grants by the reported beneficiaries and accuracy of expenditures totalling Kshs.42,631,848 shown in the financial statements as having been incurred in respect of the transfers to youth polytechnics during the year under review have not been confirmed.

3. Unconfirmed Valuation of Assets

Disclosed under Annex 5 to the financial statements is a summary of fixed assets that shows assets valued at Kshs.1,541,784,462 as at 30 June, 2019 after additions valued at Kshs.1,237,880,466 were made during the year under review. However, Management did not present an updated fixed asset register for audit. Further, the Kshs.1,541,784,462 balance does not include assets inherited from the defunct Local Authorities in Nyeri County. Further, the values of the assets have not been disclosed in other records of the County Executive.

In view of these anomalies, the accuracy and completeness of the fixed assets balance amounting to Kshs.1,541,784,462 reflected in the summary of fixed assets has not been confirmed, and further the nature and value of fixed assets held by the County Executive as at 30 June, 2019 have not been confirmed.

4. Unconfirmed Pending Bills

Disclosed under Annexure 4 to the financial statements is a summary that reflects pending bills totalling Kshs.61,686,531 that were outstanding as at 30 June, 2019. However, a detailed schedule presented for audit review reflected unpaid bills totalling

Kshs.56,791,459, resulting in an unexplained difference of Kshs.4,895,072 between the two sets of records.

In the circumstance, the accuracy of the pending bills totalling Kshs.61,686,531 disclosed in Annexure 4 to the financial statements has not been confirmed.

5. Unconfirmed Imprest Expenditures on Training of County Health Management Team

The statement of receipts and payments for the year ended 30 June, 2019 reflects other grants and transfers totalling Kshs.555,980,483 incurred during the year. The balance includes Kshs.74,383,348 transferred to the County Health Management Team (CHMT) operations bank account. Available records indicate that imprests totalling Kshs.8,664,000 were paid out from the account to eight officers to co-ordinate training of community health volunteers in each of the eight Nyeri Sub-counties. However, the following anomalies were noted in respect to the payments:

i. there was no evidence of elaborate criteria having been used to select participants to the program among the various registered volunteers;

ii. there were no copies of invitation letters or any other form of notices to selected participants and therefore it was not clear how the volunteers were invited for the trainings; if at all, and

iii. out of the imprests totalling Kshs.8,664,000, only Kshs.1,686,000 was surrendered and accounted for. Records showing how the balance amounting to Kshs.6,978,000 was spent were not submitted for audit.

In the absence of relevant evidence, the occurrence and validity of the expenditure totalling Kshs.6,978,000 incurred through imprests and included in the other grants and transfers totalling Kshs.555,980,483 reflected in the statement of receipts and payments for the year under review has not been confirmed.

6. Unconfirmed Revenue Collections

6.1 Un-surrendered Receipts Books

During the year under review, the County realized revenue amounting to Kshs.34,168,978 from markets and trade centres. However, a review of revenue records and counterfoil receipt book registers revealed un-surrendered receipt books issued in 2015 estimated to have collected revenues totalling Kshs.5,748,000. Further, Sub-County Revenue Collectors were issued with new receipt books despite failure to surrender previous ones. This pointed to weak internal control over collection and accounting for revenue.

6.2 Irregular Hospital Fee Waiver Criteria

During the financial year under review, the County's hospitals waived medical bills totalling Kshs.13,373,403. Waivers of hospital fees are allowed under the County Waivers Administration Guidelines, 2015. Paragraph 5(2)(d) of the guidelines provides that only

students who are away from home with no funds of their own, patients with chronic illnesses and who have spent their money to travel long distances to reach the health facilities would be granted fee waivers. However, a review of hospital fee waiver lists revealed other considerations for waivers such as being unmarried, among other unauthorized criteria, were evoked to allow some patients not to pay fees due.

This may have led to abuse of the waiver system by those charged with the responsible for its administration.

In view of these anomalies, the accuracy and completeness of the County own -generated receipts totalling Kshs.837,394,937 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

7. Non-Disclosure of Arrears of Revenue

Examination of rates and rent records showed that the county had arrears of uncollected revenue totalling Kshs.2,835,484,917 as at 30 June, 2019. However, the balance is not disclosed in the financial statements for the year under review.

Consequently, the financial statements do not reflect the true financial position of the County Executive as at 30 June, 2019.

8. Undelivered Vaccine Supplies

Available records indicated that during the financial year under review, the Department of Agriculture, Livestock, Fisheries and Co-operatives purchased various vaccines from the Kenya Veterinary and Vaccine Production Institute (KEVEVAPI). However, examination of records on the procurements indicated that in some instances new orders for the same items were placed before previous ones were delivered. Further, the vaccines were paid for in advance, contrary to procurement regulations. As a result, funds that could otherwise have been used for other supplies were tied up in procurement of items that were not delivered for use.

A statement from the supplier dated 02 September, 2019, indicated that the Department had not received vaccines worth Kshs.9,573,195 as at 30 June, 2019 even though some of the orders were placed in the financial year 2017/2018 and earlier years. No satisfactory explanation has been provided by Management for the misapplication of resources and failure to compel the supplier to deliver the items bought in previous financial years.

Consequently, the validity and propriety of the payments totalling Kshs.9,573,195 have not been confirmed.

9. Unsupported Expenditure on Supply of Fish Cages

During the year under review, the Department of Agriculture, Livestock, Fisheries and Co-operative procured fish cages at a cost of Kshs.2,589,300. The supplies were issued to various farmers in self-help groups. However, the Management did not provide documentary evidence indicating how the beneficiaries were selected. Further, follow up

reports by Management did not identify the farmers, their fish ponds and the outputs derived from the programme.

As a result, the occurrence and validity of the expenditure totalling Kshs.2,589,300 reported to have been incurred in procuring fish cages for farmers have not been confirmed.

10. Unsupported Supply of Drugs and Non-Pharmaceutical Items

During the year under review, the County Executive procured drugs and non-pharmaceutical items worth Kshs.56,428,005 from a supplier. However, no written contract agreement was signed between the County Executive and the vendor. Further, delivery notes for supplies to various health facilities were not presented for audit. As a result, it was not possible to trace and confirm the specific items of drugs and other medical supplies delivered to the facilities, if any.

The expenditure records further indicated that the County Executive placed an order for medical supplies worth Kshs.21,828,733 during the year under review. Payments made in respect to the order totaled Kshs.18,724,985. However, only supplies worth Kshs.14,436,447 were supported with delivery notes and details of the health facilities the drugs were delivered to. Therefore, the supply and receipt by medical facilities of the balance of items worth Kshs.4,288,538 could not be confirmed. As a result, the occurrence and validity of the medical supplies expenditure totalling Kshs.4,288,538 have not been confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Nyeri in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 described in the Basis for Qualified Opinion section of my report, have determined that there are no other key audit matters to communicate in my report.

Other Matter

Budget Performance – Under Absorption of Funds and Low Development Vote Spending

The final budget for the County Executive of Nyeri for the year under review amounted Kshs.8,836,544,070 comprised of Kshs.5,975,852,999 (67.6%) recurrent expenditure and Kshs.2,860,691,071 (32.4%) development expenditure. The County Executive incurred development vote budget expenditure totalling Kshs.1,905,746,532

and recurrent vote expenditure totalling Kshs.5,559,187,885. Therefore, the budget absorption rates were equivalent to 67% and 93% of the respective budgets.

Further, actual expenditure totalling Kshs.1,905,746,532 incurred on the development budget was equivalent to 26% of the aggregate expenditures incurred on the two Votes. Management therefore did not comply with Section 107(1) (b) of the Public Finance Management Act, 2012 which prescribes a minimum of 30% of aggregate expenditure to be allocated to the development vote.

No plausible explanation has been provided by Management for the failure to adhere to legal expenditure guidelines.

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 described in the Basis for Qualified Opinion and Basis for Conclusion 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. Ineffective Management of Revenue Collections

1.1 Shortfall in County Own Generated Revenue

Records submitted for audit indicated that the County Executive collected locally generated revenue totalling Kshs.837,350,054 against a budget of Kshs.1,000,000,000, and hence recorded a revenue shortfall amounting to Kshs.162,649,945 equivalent to 16% of the budget. Further, analysis of revenue collection trends in the three (3) years ended 30 June, 2019 revealed persistent failure to meet collection targets, as shown below:

Year	Budget Amount Kshs.	Actual Collection Kshs	Under Collection Kshs.	% of Actual Against Budget	% Revenue Growth
2016/2017	1,095,101,000	643,139,153	451,961,847	59	
2017/2018	1,000,000,000	760,186,651	239,813,349	76	18
2018/2019	1,000,000,000	837,350,054	162,649,946	84	10

The shortfall and decline in revenue over the three years indicate that the revenue collection system is ineffective.

1.2 Delayed Banking of Revenue

Audit review of controls and accountability on revenue collection in five health facilities in the County, namely Nyeri County Referral Hospital, Mount Kenya Hospital, Karatina Hospital, Mukurwe-ini Hospital and Othaya Hospital revealed various irregularities and weaknesses as follows:

i. Karatina Hospital engaged a Kenya Commercial Bank (KCB) Mtaani Agent ostensibly to enable prompt banking of revenue. However, there was no written agreement between the Hospital and the Agent or between the Bank and the County Executive. Further, on some occasions, revenue collected was not credited into the bank account on the same day. The anomaly indicated that the Agent did not transfer the revenues into the designated bank accounts upon collection, or the Hospital spent the collections first and only banked equivalent amounts collected days later, in short banking activity, contrary to regulations.

ii. At Mount Kenya Hospital, revenues were banked after several days, especially as the financial year drew to a close in the months of May and June, 2019;

iii. Similar delays in banking revenue were noted at Mukurwe-ini and Othaya Hospitals as well as at the Nyeri County Referral Hospital where banking was done at least one day after collection.

No plausible explanations have been provided by Managements for these anomalies.

2. Compensation of Employees

2.1 High Wage Bill

The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employees' expenditure totalling Kshs.3,362,515,059 (2017/2018-Kshs.3,154,347,462) which represents 39.4% of the total receipts for the year Kshs.8,540,162,978. As a result, the County Executive, contravened Regulation 25(1) (b) of the Public Finance Management (County Governments) Regulations, which caps County Government expenditure on wages and benefits for public officers at 35% of total county revenue.

The high wage bill resulted in a large share of the County's resources being spent on staff salaries at the expense of service delivery and development projects for the residents of Nyeri County.

2.2 Employees Sharing Identical Bank Account Numbers

Examination of payroll records for the year under review revealed that three sets of employees totalling six (6) in number shared identical bank account numbers.

Management did not provide any plausible explanation for the peculiar occurrence. As a result, the propriety of the salaries and other emoluments and allowances paid to the six employees could not be confirmed.

2.3 Non-Compliance with the One Third Basic Pay Rule

Examination of payrolls indicated that during the year under review, net salaries paid to seventy-two (72) officers of the County Executive were less than one third ($^1/_3$) of their respective basic pay. The anomaly was caused by excessive non-statutory deductions made contrary to the applicable Human Resource Policy in the Public Service and the County Human Resource Manual. Both prohibit salary deductions that exceed two thirds ($^2/_3$) of the monthly basic salary of any public employee.

No plausible explanation has been provided by Management for this irregular action that put the Officers at the risk of pecuniary embarrassment.

3. Irregular Payment of Rent for Council of Governors Office

During the year under review, the County Executive paid Kshs.3,698,242 as contribution to rental payments for Council of Governors liaison offices located at Westlands, Nairobi.

However, the payment was made contrary to Section 37 of the Inter-Governmental Relations Act, 2012 which provides that operational expenses for the structures and institutions established by the Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

No plausible explanation has been provided by Management for the irregular action.

4. Acquisition of Assets

4.1 Unutilized Markets

During the year under review, the County Executive spent Kshs.408,256,514 on construction and civil works as disclosed in Note 17 to the financial statements. Included in the expenditure were costs totalling Kshs.7,830,714 incurred on construction of two markets at Nyaribo (Kshs.3,801,454) and Kamakwa (Kshs.4,029,260).

Records made available for audit indicated that the two projects were completed in the financial year under review but were not put to use. It is, therefore, not clear whether Management carried out public participation on the need for and suitable locations for the markets before the project was started.

As a result, no value has been obtained by the residents of Nyeri County from the sum of Kshs.7,830,714 invested in building the two markets.

4.2 Un-executed Works - Gravelling and Drainage Works at Nyewasco-Itara-Mumbi Road

Note 17 to the financial statements under acquisition of assets indicates that the County Executive incurred Kshs.536,724,656 on construction of roads during the year under review. Included in the expenditure is Kshs.6,876,912 paid to a firm for the construction of Nyewasco-Itara-Mumbi road. Records presented for audit indicated that, out of the nineteen (19) bids received for gravelling the road, eighteen (18) proceeded to technical

evaluation, out of which fourteen (14) qualified for financial evaluation. The tender was awarded to the second lowest qualified bidder at a contract price of Kshs.14,623,186.

However, audit inspection of the works in October, 2019 revealed that although the Bills of Quantities (BOQs) had provision for culverts and drainage works costing Kshs.2,991,800, these were not done even in areas where all other works had been completed.

No plausible explanation has been provided by Management for the omission of the culverts and drainage works.

4.3 Low Quality Workmanship on PGH Mortuary Road

Included in the expenditure totalling Kshs.536,724,656 incurred on road construction and rehabilitation during the year under review was Kshs.15,874,522 spent on rehabilitation of PGH - Mortuary road. A site inspection carried out in September, 2019 revealed that the works were still in progress but the following unsatisfactory issues were noted:

i. drainage works done had cracks on the sides, an indication of poor quality workmanship;

ii. the storm water drains and road shoulders were not done and this omission weakened the road base;

iii. the bituminous layer was rough, rugged and rutted with an irregular surface suggesting that proper levelling was not done; and

iv. the edge channels on some parts of the road were not done.

No plausible explanation was provided by Management for these anomalies. As a result, it is doubtful that the residents of Nyeri County will obtain fair value for the money spent on the project.

4.4 Delay in Project Implementation

During the year under review, the County Executive incurred expenditure totalling Kshs.50,562,036 on refurbishment of buildings as disclosed in Note 17 to the financial statements.

Examination of expenditure records revealed that several suppliers were awarded contracts totalling Kshs.49,661,536 for construction and refurbishment of various buildings during the year under review.

Although the works were expected to be completed within four months of award of the respective contracts, an audit inspection carried out in September, 2019, revealed that most of the projects were incomplete. Management did not provide satisfactory explanations for the delays.

As a result of the delays, the benefits expected to be derived by the residents of Nyeri County from the investments totalling Kshs.49,661,536 made in the projects were not realized.

4.5 Unutilized Water Pipes

Available records indicated that during the year under review, the County Executive spent Kshs.4,096,870 on purchase of water pipes for use by the Narumoru Water and Sanitation Company Limited.

However, an audit inspection carried out in September, 2019 revealed that the water pipes were not put to use but were left exposed to damage by the elements, and were prone to vandalism as well. Management did not provide a satisfactory explanation for failure to put the pipes to their intended use.

5. Poor Workmanship in Construction Projects

5.1 Construction of Ngorano Technical Workshop

During the year under review, the County Government commenced the construction of Ngorano Youth Polytechnic at a cost of Kshs.3,782,319. At the time of audit in September, 2019, the works were ongoing. However, some of the walls to the buildings had wide cracks, which suggested that the workmanship was of poor quality.

There was no evidence of remedial action taken by the Management to rectify the works in order to protect the students from injuries and secure public funds invested in the project.

5.2 Construction of Rodama ECDE

Similarly, audit inspection of construction works for Rodama Early Childhood Development Education (ECDE) Centre on which 1,475,270 was spent during the year under review revealed cracks on classroom walls and floors as well as poor wall finishes and plastering. This indicated that the workmanship was of poor quality and further suggested that the works were not supervised in an effective way.

Management did not provide any plausible explanation for the anomaly.

In the circumstance, value for money is unlikely to be obtained from the expenditure amounting to Kshs.1,475,270 incurred on the project.

6. Un-surrendered Imprests

Disclosed in Note 22 to the financial statements are accounts receivables - outstanding imprests balance of Kshs.19,960,734 as at 30 June, 2019. Available records indicated that all the imprests ought to have been surrendered on or before 30 June, 2019. However, they remained outstanding after their due dates of surrender, contrary to the provisions of Regulation 93 (5) of the Public Finance Management (County Governments) Regulation, 2015 which requires temporary imprest holders to account for or surrender imprests within seven days after returning to their duty stations. Further, Management

breached Regulations 93(6) by failing to recover the outstanding imprests from the salaries of the defaulters.

7. Delayed Completion of Valuation Roll

During the financial year under review, the Department of Lands, Housing, Physical Planning and Urbanization procured consultancy services for the Valuation Roll, 2019. Fourteen (14) bids were received and evaluated out of which only six (6) qualified for request for proposals (RFP) stage. The contract was finally awarded to a valuer at a cost of Kshs.25,334,400.

The contract was to run for twelve (12) months from 10 May, 2018 up to the time all objections on the Roll would be resolved and its approval granted by the County Executive Committee. However, some residents raised objections citing lack of civic education and public participation prior to the launch of the valuation exercise, as required under Article 201 of the Constitution. As of August, 2019, Management had not appointed members of the Valuation Court or resolved the objections.

As a result of these omissions, the purpose of the valuation commissioned at a cost of Kshs.25,334,400 may not be attained in time, if at all.

Management have not provided satisfactory explanations for this state of affairs, or disclosed the actions that will be taken ensure the Valuation Roll is completed and put to use.

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 described in the Basis for Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on 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 overall governance were not effective.

Basis for Conclusion

Insufficient Information Technology System Controls

A review of the control and governance processes applied by the County Executive in its Information Technology (IT) operations revealed the following weaknesses:

i. Lack of Information Technology (IT) Strategy Committee and an IT Steering Committee, both of which are important aspects of the County Executive's governance structure;

ii. failure to develop IT Security Policy to ensure data confidentiality, integrity and availability: There is no clarity on the ways and means to maintain information security across the County administration to safeguard its information assets;

iii. absence of policy to manage upgrades made to all financial and performance information systems, except those owned by The National Treasury. Therefore, unauthorized changes may be made to the systems and this may lead to loss of data and information, and lack of data integrity;

iv. inadequate user-knowledge by the staff operating the procurement software module;

v. lack of policies to control physical access to IT environments. This could result in unauthorized interference in the IT assets;

vi. there are no disaster management and recovery policies in place including fire suppression systems. As a result, the risk of the County Executive's IT assets and other operations not recovering from disasters is high;

vii. there is no business continuity plan, including IT continuity plan with an off-site back-up component; and

viii. there are no user management standards and procedures in the county. As a result, staff do not have standard procedures to follow in order to minimize risk of errors, fraud and the loss of data or its integrity.

These weaknesses have raised the risk of County Executive's IT system being disrupted or failing on occurrence of unforeseen events.

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

Responsibilities of Management and those charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Executive 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 policies and procedures may deteriorate.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the County Executive to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive not to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 November, 2020

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	2018-2019 Kshs	2017-2018 Kshs
RECEIPTS			
Exchequer releases	1A	5,024,000,000.00	4,952,800,000.00
Proceeds from Domestic and Foreign Grants	2	599,446,585.20	70,761,342.00
Transfers from other Government Entities	3	747,453,833.70	620,269,098.00
Proceeds from Domestic Borrowings	4	-	-
Proceeds from foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County own Generated Receipts	9	837,394,937.00	760,186,651.00
Returned CRF issues	10	1,331,867,622.20	-
TOTAL RECEIPTS		**8,540,162,978.10**	**6,404,017,091.00**
PAYMENTS			
Compensation of Employees	11	3,362,515,059.70	3,154,347,462.55
Use of goods and services	12	1,228,916,638.00	819,772,645.80
Subsidies	13	2,000,000.00	1,508,066.00
Transfers of Other Government Units	14	656,366,172.85	642,754,197.00
Other grants and transfers	15	555,980,483.40	320,635,860.05
Social Security benefits	16	28,009,317.25	10,743,470.00
Acquisition of Assets	17	1,357,183,604.45	745,066,523.75
Finance Costs, including Loan Interest	18	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other payments	20	273,862,241.75	625,581,167.60
TOTAL PAYMENTS		**7,464,833,517.40**	**6,320,409,392.75**
SURPLUS/ DEFICIT		**1,075,329,460.70**	**83,607,698.25**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyeri County Government financial statements were approved on 29 / 09 / ~~2019~~ 2020 and signed by:

Chief Officer - Finance
Name: JOHN NGUGI
ICPAK Member Number: 2013

Head of Treasury
Name: LUCY KANGANGI
ICPAK Member Number: 8456

Repayment of principal on Domestic and Foreign borrowing	19	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,154,012,310.25**	**30,134,134.25**
Cash and cash equivalents at the BEGINNING of the year		-	1,360,082,151.25
Cash and cash equivalents at the END of the year	24	**1,154,012,310.25**	**1,390,216,339.31**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyeri County Government financial statements were approved on 29 / 09 ~~2019~~ 2020 and signed by:

Chief Officer - Finance
Name: JOHN NGUGI
2613

Head of Treasury
Name: LUCY KANGANGI
ICPAK Member Number 8456

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilisation Difference (Kshs)	% of Utilisation
	a	b	c= a+b	d	e= c-d	f= d/c %
RECEIPTS						
Exchequer releases	4,024,000,000.00	0	4,024,000,000.00	5,024,000,000.00	(1,000,000,000) -	100%
Proceeds of Domestic and Foreign Grants	532,780,098.00	18,624,659.00	551,404,757.00	599,446,585.20	(48,041,828.20)	109%
Transfers from Other Government Entities	553,840,195.00	319,788,780.00	873,628,975.00	747,453,833.70	126,175,141.30	86%
County Own Generated Receipts	1,000,000,000.00	-	1,000,000,000.00	837,394,937.00	162,605,063.00	84%
Return CRF Issues	-	-	-	1,331,867,622.20	(1,331,867,622.20)	
TOTAL	**6,110,620,293.00**	**338,413,439.00**	**6,449,033,732.00**	**8,540,162,978.10**	**(2,091,129,246.10)**	115%
PAYMENTS						
Compensation of Employees	3,499,002,751.50	7,940,000.00	3,506,942,751.50	3,362,515,059.70	144,427,691.80	96%
Use of goods and services	1,386,581,397.50	305,437,928.00	1,692,019,325.50	1,228,916,638.00	463,102,687.50	73%
Subsidies	2,000,000.00	2,650,000.00	4,650,000.00	2,000,000.00	2,650,000.00	43%
County Assembly	632,406,942.00	32,044,307.00	664,451,249.00	656,366,172.85	8,085,076.15	99%
Transfers from Other Government Units	267,120,780.00	355,560,596.50	622,681,376.50	555,980,483.40	66,700,893.10	89%
Social Security Benefits	30,000,000.00	-	30,000,000.00	28,009,317.25	1,990,682.75	
Acquisition of Assets	2,060,844,199.00	(42,162,430.00)	2,018,681,769.00	1,357,183,604.45	661,578,164.55	67%
Other Payments	282,649,711.00	14,467,888.00	297,117,599.00	273,862,241.75	23,255,357.25	92%
TOTAL	**8,160,605,781.00**	**675,938,289.50**	**8,836,544,070.50**	**7,464,833,517.40**	**1,371,790,553.10**	**84%**
SURPLUS/(DEFICIT)						

The Nyeri County Government financial statements were approved on 29/09 **2019 and signed by:**

Chief Officer
Name: Joseph Nguo
26/9

Head of Treasury Accounts
Name: Lucy Kanhangi ICPAK Member Number 8456

5.2. STATEMENT OF ASSETS AND LIABILITIES

		2018-2019	2017-2018
	Notes	Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	1,154,012,310.25	1,390,216,339.31
Cash Balances	21B	-	-
Total Cash and cash equivalent		**1,154,012,310.25**	**1,390,216,339.31**
Accounts receivables- Outstanding Imprests	22	19,960,734.00	124,409,744.00
TOTAL FINANCIAL ASSETS		**1,173,973,044.25**	**1,514,626,083.31**
FINANCIAL LIABILITIES			
Accounts Payables- Deposits and retentions	23	94,037,735.25	57,191,215.19
NET FINANCIAL ASSETS		**1,079,935,309.00**	**1,457,434,868.21**
REPRESENTED BY			
Fund balance b/fwd.	24	-	1,373,827,170.05
Prior year adjustments	25	4,605,848.30	-
Surplus/ Deficit for the year		1,075,329,460.70	83,607,698.25
NET FINANCIAL POSITION		**1,079,935,309.00**	**1,457,434,868.30**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyeri County Government financial statements were approved on 29/09/~~2019~~ 2020 and signed by:

Chief Officer - Finance
Name: JOHN NGUCI
ICPAK Member Number: 2613

Head of Treasury
Name: LUCY KANGANGI
ICPAK Member Number: 8456

5.3. STATEMENT OF CASH FLOWS

Description	Notes	2018-2019 Kshs	2017-2018 Kshs
Receipts from operating income			
Exchequer Releases	1A	5,024,000,000.00	4,952,800,000.00
Proceeds from Domestic and Foreign Grants	2	599,446,585.20	70,761,342.00
Transfers from Other Government Entities	3	747,453,833.70	620,269,098.00
Reimbursements and Refunds	7	-	-
Returns From Equity Holdings	8	-	-
County Own Generated Receipts	9	837,394,937.00	760,186,651.00
Returned CRFS issues	10	1,331,867,622.20	-
Payments for operating expenses		**8,540,162,978.10**	**6,404,017,091.00**
Compensation of Employees	11	3,362,515,059.70	3,154,347,462.55
Use of goods and services	12	1,228,916,638.00	819,772,645.80
Subsidies	13	2,000,000.00	1,508,066.00
Transfers from Other Government Units	14	656,366,172.85	642,754,197.00
Other grants and transfers	15	555,980,483.40	320,635,860.05
Social security Benefits	16	28,009,317.25	10,743,470.00
Finance Costs, including Loan Interest	18	-	-
Other Payments	20	273,862,241.75	625,581,167.60
		6,107,649,912.95	**5,575,342,869.00**
Adjusted for:		2,432,513,065.15	
Adjustments during the year : Change in Payables		36,846,519.15	(63,147,517.00)
Change in Receivables		41,836,330.40	9,673,953.00
Net cash flow from operating activities		**2,511,195,914.70**	**775,200,658.00**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	1,357,183,604.45	745,066,523.75
Net cash flows from Investing Activities		**1,357,183,604.45**	**745,066,523.75**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds From Domestic Borrowings	4	-	-
Proceeds From Foreign Borrowings	5	-	-

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/ Expenses Item	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilisation Difference (Kshs)	% of Utilisation
	a	b	c= a+b	d	e= c-d	f= d/c %
RECEIPTS						
Exchequer releases	2,782,337,345.80	0	2,782,337,345.80	3,782,337,345.80	(1,000,000,000.00)	100%
Proceeds of Domestic and Foreign Grants	213,960,795.00	18,624,659.00	232,585,454.00	50,850,490.20	181,734,963.80	22%
Transfers from other Government Entities	421,562,651.00	319,788,780.00	741,351,431.00	581,457,040.70	159,894,390.30	78%
County Own Generated Receipts	1,000,000,000.00	-	1,000,000,000.00	837,394,937.00	162,605,063.00	84%
Return CRF Issues	-	-		487,095,653.58	(487,095,653.58)	0%
TOTAL	**4,417,860,791.80**	**338,413,439.00**	**4,756,230.80**	**5,739,135,467.28**	**(982,861,236.48)**	100%
PAYMENTS						
Compensation of Employees	3,499,002,751.50	7,940,000.00	3,506,942,751.50	3,362,515,059.70	144,427,691.80	96%
Use of goods and Services	934,379,106.50	248,222,865.00	1,182,601,971.50	935,767,644.45	246,834,327.05	79%
Subsidies	2,000,000.00	2,650,000.00	4,650,000.00	2,000,000.00	2,650,000.00	
Transfer to other Govt Units:County Assembly	582,406,942.00	77,044,307.00	659,451,249.00	654,648,159.85	4,803,089.15	74%
Transfers to Other Government Units	247,120,780.00	269,653,018.50	516,773,798.50	510,836,011.70	5,937,786.80	99%
Social Security Benefits	30,000,000.00	-	30,000,000.00	28,009,317.25	1,990,682.75	93%
Acquisition of Assets	36,528,210.00	13,905,019.00	50,433,229.00	44,162,484.75	6,270,744.25	88%
Other payments	-	25,000,000.00	25,000,000.00	21,148,307.40	3,851,692.60	85%
TOTALS	**5,331,437,790.00**	**644,415,209.50**	**5,975,852,999.50**	**5,559,086,985.10**	**416,766,014.40**	90%
SURPLUS/(DEFICIT)						

The Nyeri County Government financial statements were approved on 29 / 09 / 2020 ~~2019~~ and signed by:

Chief Officer
Name: JOHN NGUGI
ICPAK Member Number 2613

Head of Treasury Accounts
Name: LUCY KANGANGI
ICPAK Member Number 8456

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/ Expenses Item	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilisation Difference (Kshs)	% of Utilisation
	a	b	c= a+b	d	e= c-d	f= d/c %
RECEIPTS						
Exchequer releases	1,241,662,654.20	-	1,241,662,654.20	1,241,662,654.20	-	100%
Proceeds of Domestic and Foreign Grants	318,819,303.00	-	318,819,303.00	548,596,095.00	(229,776,792.00)	172%
Transfers from Other Government Entities	132,277,544.00	-	132,277,544.00	165,996,793.00	(33,719,249.00)	125%
Return CRF Issues				844,771,968.62	(844,771,968.62)	0%
TOTAL	**1,692,759,501.20**	**-**	**1,692,759,501.20**	**2,801,027,510.82**	**(1,108,268,009.62)**	**165%**
PAYMENTS						
Compensation of Employees	-	-				
Use of goods and services	452,202,291.00	57,215,063.00	509,417,354.00	293,148,993.55	216,268,360.45	58%
Subsidies	-	-	-	0	-	
COUNTY ASSEMBLY	50,000,000.00	(45,000,000.00)	5,000,000.00	1,718,013.00	3,281,987.00	34%
Transfers from Other Government Units	20,000,000.00	85,907,578.00	105,907,578.00	45,144,471.70	60,763,106.30	43%
Social Security Benefits	-	-	-	0	-	
Acquisition of Assets	2,024,315,989.00	(56,067,446.00)	1,968,248,540.00	1,312,941,119.70	655,307,420.30	67%
Other Payments	282,649,711.00	(10,532,112.00)	272,117,599.00	252,713,934.35	19,403,664.65	93%
TOTAL	**2,829,167,991.00**	**31,523,080.00**	**2,860,691,071.00**	**1,905,666,532.30**	**955,024,538.70**	**67%**
SURPLUS/(DEFICIT)						

The County Government of Nyeri financial statements were approved on 29/09/2020 ~~2019~~ and signed by:

Chief Officer
Name: JOHN NGUGI
ICPAK Member Number: 2613

Head of Treasury Accounts
Name: LUCY KANGANGI / 8456
ICPAK Member Number:

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
101003910		**General Administration, Policy Formulation and Development Administration and Planning**	**0**	**0**	**0**
	101013910	Administration and Planning Services	0	0	0
102003910		**Agricultural Management**	**535,995,180.00**	**393,313,636.85**	**142,704,343.15**
	102013910	Administration and planning services	454,137,266.00	327,580,773.75	126,581,892.25
	102023910	County Agriculture Extension Program	81,857,914.00	65,732,863.10	16,122,450.90
103003910		**Wambugu ATC**	**7,141,621.00**	**5,565,688.20**	**1,571,375.50**
	103033910	Farm Development	7,141,621.00	5,565,688.20	1,571,375.50
104003910		**AMS Naromoru**	**10,860,699.00**	**5,992,862.40**	**4,867,836.60**
	104023910	Development Of Agricultural Land For Crop Production	10,860,699.00	5,992,862.40	4,867,836.60
105003910		**Livestock Production Management**	**14,607,984.00**	**13,785,932.0**	**826,609.30**
	105013910	Livestock Policies to guide the development	0	0	0
	105023910	Provision of Extension Services to Livestock farmers	14,607,984.00	13,785,932.0	826,609.30
	105033910	Enhance Co-ordinated implementation of Livestock Programs	0	0	0
	105043910	Administrative Support Services	0	0	0
106003910		**Co-operative development**	**2,767,521.00**	**2,343,902.65**	**413,583.35**
	106023910	Cooperative Development And Management	2,767,521.00	2,343,902.65	413,583.35
107003910		**Fisheries development**	**14,647,976.00**	**11,351,184.00**	**3,296,792.00**
	107013910	Administrative Support Services	14,647,976.00	11,351,184.00	3,296,792.00
108003910		**Veterinary services**	**29,050,856.00**	**22,507,816.40**	**6,543,039.60**
	108013910	Administrative Support Services	29,050,856.00	22,507,816.40	6,543,039.60
110003910		**0 Housing services**	**0**	**0**	**0**
	110013910	Administration and personnel services	0	0	0
111003910		**1 Physical planning services**	**40,664,458.00**	**39,649,114.90**	**1,015,343.10**
	111013910	Administration and personnel services	40,664,458.00	39,649,114.90	1,015,343.10
	111033910	preparation of colonial villages plan	0	0	0
112003910		**2 Lands and Survey Management**	**0**	**0**	**0**
	112013910	Administration and personnel services	0	0	0
113003910		**General Administration Planning and Support**	**0**	**0**	**0**
	113013910	Administration and Personnel Services	0	0	0
114003910		**Land Policy and Planning**	**364,423,931.00**	**82,982,882.80**	**281,441,048.20**

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
	114013910	Land Policy Formulation	364,423,931.00	82,982,882.80	281,441,048.20
115003910		**Housing Development and Human Settlement**	**6,273,106.00**	**5,986,321.00**	**813,235.00**
	115013910	Government Building	6,273,106.00	5,986,321.00	813,235.00
	115023910	Building Construction Services	0	0	0
116003910		**Infrastructures Development**	**0**	**0**	**0**
	116013910	County access and Feeder Roads Improvement	0	0	0
	116023910	Transport Management and Safety	0	0	0
201003910		**General administration and policy Development and implementation**	**115,336,175.00**	**92,559,550.05**	**23,214,188.65**
	201013910	Administration, planning and support services	115,336,175.00	92,479,550.05	23,214,188.65
	201043910	Administrative and Personnel Services	0	0	0
202003910		**Transport Management and safety**	**0**	**0**	**0**
	202023910	Transport infrastructure development	0	0	0
203003910		**Energy Sector development**	**111,524,264.00**	**109,529,774.95**	**1,994,489.05**
	203013910	Street lighting program	111,524,264.00	109,529,774.95	1,994,489.05
	203023910	Energy saving jikos project	0	0	0
204003910		**Public Works Sector**	**0**	**0**	**0**
	204013910	Construction of buildings and bridges programme	0	0	0
205003910		**Roads development, maintenance and management**	**977,259,185.00**	**779,027,684.60**	**198,231,500.40**
	205013910	County access and feeder roads improvement	977,259,185.00	779,027,684.60	198,231,500.40
301003910		**General administration and Policy Development and implementation**	**54,460,440.00**	**53,030,620.25**	**1,709,219.75**
	301013910	Administrative Support Services	54,460,440.00	53,030,620.25	1,709,219.75
302003910		**Trade Joint loan development program**	**0**	**0**	**0**
	302013910	Trade joint loan development	0	0	0
303003910		**Business development centers, Forums & Training**	**0**	**0**	**0**
	303013910	Capacity building and training	0	0	0
304003910		**Development of Commodity Exchange & Mt Kenya Coffee Marketing**	**0**	**0**	**0**
	304013910	Market identification	0	0	0
305003910		**Industrialization Development Taskforce**	**0**	**0**	**0**
	305013910	Promotion of industrial development	0	0	0

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
306003910		**Tourism taskforce programme**	**27,440,000.00**	**18,694,087.25**	**9,306,047.75**
	306013910	promotion of Tourism	27,440,000.00	18,694,087.25	9,306,047.75
307003910		**Tourism Development**	**0**	**0**	**0**
	307013910	Promotion of Tourism	0	0	0
308003910		**Trade and Cooperative Development**	**97,992,969.00**	**71,013,763.50**	**26,979,205.50**
	308013910	Trade Promotion	97,992,969.00	71,013,763.50	26,979,205.50
309003910		**Industrial Development and Investment**	**0**	**0**	**0**
	309013910	Promotion of Industrial Development	0	0	0
310003910		**Programme Culture and Arts**	**0**	**0**	**0**
	310013910	Cultural Management	0	0	0
312003910		**County Government Administration and Field Services**	**0**	**0**	**0**
	312013910	Alcohol Drinks, Drugs, substance management	0	0	0
313003910		**Revenue Mobilization**	**193,492,339.00**	**181,899,999.30**	**23,393,694.70**
	313013910	Revenue Mobilization	193,492,339.00	181,899,999.30	23,393,694.70
401003910		**Administration, Planning and General Support Services**	**3,053,979,726.00**	**2,749,985,946.45**	**306,587,239.55**
	401023910	County Health Management Teams	0	0	0
	401033910	Administration, Planning and General Support Services	2,882,346,894.00	2,579,497,615.95	306,383,764.35
	401043910	Health Services	171,632,832.00	170,488,330.50	203,475.20
402003910		**Curative Health services**	**0**	**0**	**0**
	402013910	County Hospital services	0	0	0
403003910		**Preventive and Promotive Health services**	**0**	**0**	**0**
	403013910	Sub county health management	0	0	0
	403023910	Health centers and dispensaries management	0	0	0
501003910		**General administration and policy Development and implementation**	**496,201,822.00**	**457,036,640.05**	**39,854,428.85**
	501013910	Promote Effective Result Based Management & administration	73,390,848.00	44,095,530.10	29,406,133.40
	501023910	Administrative Support Services	422,810,974.00	412,941,109.95	10,448,295.45
	501033910	County Endowment Fund	0	0	0
502003910		**County Sports Development**	**64,760,000.00**	**43,583,348.15**	**23,453,886.35**
	502023910	Search and nurture talents	64,760,000.00	43,583,348.15	23,453,886.35
503003910		**ECDE Management**	**3,145,000.00**	**2,812,928.80**	**519,871.20**

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
	503033910	Purchase Teaching, learning materials and outdoor play materials	0	0	0
	503043910	ECDE Management	3,145,000.00	2,812,928.80	519,871.20
504003910		**ICT Development**	**12,756,000.00**	**12,305,995.30**	**560,623.30**
	504023910	ICT Infrastructure Development	12,756,000.00	12,305,995.30	560,623.30
505003910		**Village Polytechnics Management programme**	**0**	**0**	**0**
	505033910	Infrastructure support and equipping of YPs	0	0	0
507003910		**Youth Training and Development**	**0**	**0**	**0**
	507013910	Youth Training and Development	0	0	0
701003910		**Management and Co-ordination of county affairs**	**206,215,878.00**	**148,715,286.70**	**61,066,561.30**
	701013910	Administration, planning and support services	194,186,360.00	137,015,139.70	60,265,790.30
	701023910	Management of county affairs	12,029,518.00	11,700,147.00	800,771.00
702003910		**Coordination of County Functions and Public Service Management**	**240,381,974.00**	**223,585,349.70**	**24,328,234.30**
	702013910	Administration, planning and support services	240,381,974.00	223,585,349.70	24,328,234.30
703003910		**Executive services**	**615,633,103.00**	**523,290,189.95**	**101,174,942.85**
	703013910	Administration and personnel services	615,633,103.00	523,290,189.95	101,174,942.85
704003910		**Finance Management**	**0**	**0**	**0**
	704013910	Administration and personnel services	0	0	0
	704023910	Financial planning	0	0	0
705003910		**Economic Planning**	**5,033,542.00**	**4,467,400.00**	**566,142.00**
	705013910	Administration and personnel services	0	0	0
	705023910	Economic and policy planning	0	0	0
	705043910	Research, Feasibility Studies, Project Preparation & Design	0	0	0
	705053910	Monitoring and Evaluation	5,033,542.00	4,467,400.00	566,142.00
706003910		**Procurement Management**	**0**	**0**	**0**
	706013910	Administration and personnel services	0	0	0
707003910		**Revenue Mobilization**	**0**	**0**	**0**
	707013910	Administration and personnel services	0	0	0
	707023910	Revenue and Estimates Modelling	0	0	0
708003910		**Budget Management**	**0**	**0**	**0**
	708013910	Administration and personnel services	0	0	0
	708023910	Budget preparation, co-ordination and management	0	0	0

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
709003910		**Audit Services**	**0**	**0**	**0**
	709013910	Administration and personnel services	0	0	0
	709023910	Government Internal Audit Service	0	0	0
710003910		**0 General administration, Policy Development and implementation**	**664,451,249.00**	**656,366,172.85**	**8,085,076.15**
	710013910	Administration and planning services	664,451,249.00	656,366,172.85	8,085,076.15
	710023910	Mortgage services	0	0	0
	710033910	Legislation representation and oversight	0	0	0
711003910		**1 Community sensitization, education and public participation**	**2,630,000.00**	**2,575,783.00**	**1,031,517.00**
	711013910	County publicity campaign	2,630,000.00	2,575,783.00	1,031,517.00
712003910		**2 Staff capacity- building development**	**0**	**0**	**0**
	712013910	Capacity building	0	0	0
713003910		**3 Community policing and County Policing Authority**	**0**	**0**	**0**
	713013910	security operations	0	0	0
715003910		**5 Human Resource Development**	**0**	**0**	**0**
	715013910	Training services	0	0	0
716003910			**189,569,365.00**	**186,916,515.95**	**2,372,849.05**
	716013910	Administration Planning and Support Services	189,569,365.00	186,916,515.95	2,372,849.05
717003910			**43,224,314.00**	**39,790,581.00**	**3,433,733.00**
	717013910	Administration and Personnel Services	43,224,314.00	39,790,581.00	3,433,733.00
718003910			**40,217,154.00**	**36,826,015.30**	**3,788,965.50**
	718013910	Financial Accounting	15,270,000.00	13,576,784.70	1,879,491.30
	718023910	Procurement Compliance and Reporting	12,390,000.00	11,460,585.20	1,057,915.00
	718033910	Internal Audit	12,557,154.00	11,788,645.40	851,559.20
719003910			**14,810,000.00**	**13,880,674.00**	**900,425.80**
	719013910	Budget Management	0	0	0
	719023910	Economic Planning and Policy Formulation	14,810,000.00	13,880,674.00	900,425.80
901003910		**General Administration and Planning services**	**96,406,416.00**	**90,292,284.05**	**6,513,581.95**
	901013910	Administration and personnel services	96,406,416.00	90,292,284.05	6,513,581.95
902003910		**Cultural Management**	**11,280,000.00**	**7,244,999.75**	**4,045,250.25**
	902013910	General administration and planning services	11,280,000.00	7,244,999.75	4,045,250.25

Budget Execution By Programmes and Sub-Programmes

Period: July 2018 – June 2019

Program	Sub Program	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
	902023910	Construction of cultural centers	0	0	0
	902033910	Cultural activities	0	0	0
903003910		**Gender services**	**14,449,230.00**	**13,305,757.75**	**1,243,472.25**
	903013910	Administration and planning services	14,449,230.00	13,305,757.75	1,243,472.25
904003910		**Social development**	**0**	**0**	**0**
	904013910	Administration and planning services	0	0	0
	904023910	County children's home management	0	0	0
905003910			**0**	**0**	**0**
	905013910	Recreation and Sporting Services	0	0	0
1001003910		**Water Management**	**443,051,592.00**	**350,860,261.55**	**92,461,330.45**
	1001013910	Administrative Support Services	443,051,592.00	350,860,261.55	92,461,330.45
	1001023910	Construction of water line	0	0	0
	1001033910	Feasibility and designs	0	0	0
1002003910		**Sanitation management**	**10,625,000.00**	**9,375,161.20**	**1,299,838.80**
	1002013910	Administrative Support Services	10,625,000.00	9,375,161.20	1,299,838.80
	1002023910	Garbage collection project	0	0	0
1003003910		**Forest management**	**0**	**0**	**0**
	1003013910	Administrative Support Services	0	0	0
	1003023910	Forestry and wildlife policy regulation and coordination	0	0	0
1004003910		**Irrigation programme**	**0**	**0**	**0**
	1004013910	Administrative Support Services	0	0	0
	1004023910	Irrigation expansion	0	0	0
1007003910			**3,784,002.00**	**2,562,404.80**	**1,401,597.20**
	1007013910	Environment Conservation, Protection and Management	3,784,002.00	2,562,404.80	1,401,597.20
Grand Total			**8,836,544,071.00**	**7,464,833,517.40**	**1,371,790,553.60**

The Statement has been prepared, reviewed and approved by the following:

Budget Execution By Programmes and Sub-Programmes					
Period: July 2018 – June 2019					
Program	**Sub Program**	**Description**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**
Prepared By:		NANCY GATEI 29/9/2020	Date:		
Reviewed By:		LUCY KANGANGI 29/09/2020	Date:		
Approved By:		JOHN NGUGI 29/9/2020	Date:		

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 receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Government of Nyeri and 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 Nyeri County Government. The financial statements encompass the reporting of Nyeri County Government specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

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

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the County Government of Nyeri which is the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the County Government of Nyeri or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

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 the County Government of Nyeri 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 Nyeri County Government 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 Government of Nyeri includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 2019, this amounted to Kshs. 94,037,735.25 compared to Kshs. 57,191,216.10 in prior period as indicated on note 21. 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 County Government of Nyeri fixed asset register a summary of which is provided as a memorandum to these financial statements.

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 County Government Nyeri 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 developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Government of Nyeri budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly of Nyeri on 30th June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There were three supplementary budgets passed in the year. A high-level assessment of the County Government of Nyeri actual performance against the comparable budget for the financial year under review has been included in an annex to 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 the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National 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.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Total Exchequer Release for quarter 1	271,593,064.00	0.00
Total Exchequer Release for quarter 2	1,210,206,800.35	577,151,537.00
Total Exchequer Release for quarter 3	2,162,212,195.40	1,924,012,464.00
Total Exchequer Release for quarter 4	2,726,888,359.15	2,451,635,999.00
Total	**6,370,900,418.90**	**4,952,800,000.00**

1A.Equitable share

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Total Exchequer Release for quarter 1	251,200,000.00	0.00
Total Exchequer Release for quarter 2	803,840,000.00	577,151,537.00
Total Exchequer Release for quarter 3	1,884,000,000.00	1,924,012,464.00
Total Exchequer Release for quarter 4	2,084,960,000.00	2,451,635,999.00
Total	**5,024,000,000.00**	**4,952,800,000.00**

1B: Level 5 Hospitals Allocation & Transfers from other Government Entities

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Transfers for Level 5 hospitals	407,861,272.00	407,861,272.00
Universal health care programme(UHC GoK)	159,894,389.70	0.00
Ministry of Roads RMLF	165,996,793.00	155,848,314.00
User fee foregone	13,701,379.00	14,347,664.00
Development of Youth Polytechnics	0.00	42,211,848.00
TOTAL	**747,453,833.70**	**620,269,098.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1C: Donor funds released through Exchequer Releases as per CARA

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
DANIDA-Universal Healthcare in Devolved Units Programme	16,605,000.00	19,911,053.00
Health Sector Programme Support (HSPS)	0.00	0.00
Health Sector Support Project (HSSP)	0.00	0.00
World Bank		
Kenya Devolution Support Programme (KDSP Level 1)	0.00	40,850,289.00
Kenya Devolution Support Programme (KDSP Level 2)	229,776,792.00	0.00
Universal Health Care(THUSCP)	27,901,561.20	10,000,000.00
Kenya urban support program grant (UDG)	277,839,100.00	0.00
Kenya Climate Smart Agriculture (KCSAP)	40,980,203.00	0.00
Agricultural Sector Development Support Programme	6,343,929.00	0.00
Total	**599,446,585.20**	**70,761,342.00**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Grants received from Bilateral Donors (Foreign Governments)		
DANIDA-Universal Healthcare in Devolved Units Programme	16,605,000.00	19,911,053.00
Health Sector Programme Support (HSPS)	0.00	0.00
Health Sector Support Project (HSSP)	0.00	0.00
World Bank		
Kenya Devolution Support Programme (KDSP Level 1)	0.00	40,850,289.00
Kenya Devolution Support Programme (KDSP Level 2)	229,776,792.00	0.00
Universal Health Care(THUSCP)	27,901,561.20	10,000,000.00
Kenya urban support program grant (UDG)	277,839,100.00	0.00
Kenya Climate Smart Agriculture (KCSAP)	40,980,203.00	0.00
Agricultural Sector Development Support Programme	6,343,929.00	0.00
Total	**599,446,585.20**	**70,761,342.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Transfers from Central government entities		
Universal health care programme(UHC GoK)	159,894,389.70	0.00
Financing for level 5 hospitals	407,861,272.00	407,861,272
Ministry of Roads RMLF	165,996,793.00	155,848,314.00
User fee foregone	13,701,379.00	14,347,664.00
Development of Youth Polytechnics	0.00	42,211,848.00
Transfers from Counties		
insert name of budget agency	0.00	0.00
insert name of budget agency	0.00	0.00
Total	**747,453,833.70**	**620,269,098.00**

4. PROCEEDS FROM DOMESTIC BORROWINGS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Borrowing within General Government	0.00	0.00
Borrowing from Monetary Authorities(Central Bank)	0.00	0.00
Other Domestic Depository Corporations	0.00	0.00
Borrowing from other Domestic Creditors	0.00	0.00
Domestic Currency and Domestic Deposits	0.00	0.00
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Foreign Borrowing - Draw - Downs Through Exchequer	0.00	0.00
Foreign Borrowing - Direct Payments	0.00	0.00
Foreign Currency and Foreign Deposits	0.00	0.00
Total	-	-

6. PROCEEDS FROM SALE OF ASSETS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Receipts from Sale of Buildings	0.00	0.00
Receipts from Sale of Vehicles and Transport Equipment	0.00	0.00
Receipts from Sale of Plant Machinery and Equipment	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock	0.00	0.00
Receipts from Sale of Strategic Reserves Stock	0.00	0.00
Receipts from Sale of Inventories, Stocks and Commodities	0.00	0.00
Disposal and Sales of Non - produced Assets	0.00	0.00
Total	-	-

7. REIMBURSEMENTS AND REFUNDS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Reimbursement from World Food Programme (WFP)	0.00	0.00
Reimbursement of Audit fee	0.00	0.00
Reimbursement on Messing Charges (UNICEF)	0.00	0.00
Reimbursement from World Bank - ECD	0.00	0.00
Reimbursement from Individual & Private Organisations	0.00	0.00
Reimbursement from Local Government Authorities	0.00	0.00
Reimbursement From Statutory Organisations	0.00	0.00
Reimbursement within Central Government	0.00	0.00
Reimbursement Using Bonds	0.00	0.00
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

Descrip tion	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	0.00	0.00
Returns of Equity Holdings in International Organisations	0.00	0.00
Total	-	-

9. COUNTY OWN GENERATED RECEIPTS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Rental income	28,109,643.00	16,592,207.00
Receipts from Administrative Fees and Charges	73,497,918.00	30,953,248.00
Receipts from sale of agricultural goods	8,786,679.00	5,904,324.00
Business permits	93,652,475.00	102,928,254.00
Liquor licences	46,188,654.00	42,955,352.00
Cess	45,141,225.00	29,721,512.00
Sign boards and advertising fees	23,817,535.00	21,245,473.00
Land/plot rates	67,550,810.00	68,328,485.00
Other Miscellaneous Revenues	1,885,963.00	975,728.00
Market/trade Centre fee	34,168,978.00	35,080,559.00
Vehicle parking fees	99,880,086.00	89,806,635.00
Social premise use charges	587,500.00	2,772,795.00
School fees	366,450.00	612,000.00
Public health services	54,747,486.00	31,411,327.00
Public health facilities	242,227,436.00	266,770,923.00
Slaughter houses administration	9,206,697.00	8,747,024.00
Fines, penalties and forfeitures	4,626,102.00	3,267,105.00
Other receipts not classified elsewhere	2,953,300.00	2,113,700.00
Total	**837,394,937.00**	**760,186,651.00**

The revenue performance for FY 2018/2019 shows an increase of 10.15 % compared to previous FY 2017/2018. Increase in revenue performance was attributed by introduction of new revenue streams like commissions and fire fighting services and enhancement on administration to seal leakage. During the year under consideration, the county procured a revenue collection & management system (NyeriPay) that helped to increase revenue collection.

Challenges:

- Introduction of Universal Health Care (UHC) as a pilot project at Nyeri County affected revenue collection at health department which dropped significantly since we do not report UHC funds received from National Treasury as local revenue.
- Failure by National Government to remit Contribution in lieu of rates (CILOR) affects revenue collection in counties.

10. RETURNED CRF ISSUES

	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
County Revenue Fund (CRF()	1,191,198,431.70	0.00
Nyeri county recurrent account	30,568.90	0.00
Nyeri county development account	13,141,545.60	0.00
Kenya Roads Board Account 1000252804	116,911,364.00	0.00
Nyeri County Health Sector Special Purpose Acc 1000339241	10,585,712.00	0.00
county assembly recurrent account 1000243805	-	0.00
Total	1,331,867,622.20	0.00

The return to CRF constitute of all accounts that had made the balance brought forward from the financial year 2017 -2018 apart from the accounts used to collect local revenue and the deposit account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Basic salaries of permanent employees	2,949,360,010.30	2,632,790,809.00
Basic wages of temporary employees	136,508,785.70	50,030,677.05
Personal allowances paid as part of salary	227,248,116.65	131,763,844.30
Personal allowances paid as part of reimbursements	1,833,743.95	1,027,350.45
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	47,564,403.10	62,230,042.30
Compulsory benefit schemes outside government	-	-
Other personnel payments	-	276,504,739.45
Total	**3,362,515,059.70**	**3,154,347,462.55**

12. USE OF GOODS AND SERVICES

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Utilities, supplies and services	77,437,963.15	65,408,921.40
Communication, supplies and services	15,386,987.40	12,513,987.20
Domestic travel and subsistence	128,346,696.10	72,155,398.00
Foreign travel and subsistence	8,579,961.15	6,937,269.80
Printing, advertising and information supplies services	43,846,086.70	26,531,688.00
Rentals of produced assets	10,327,502.00	8,742,678.00
Training expenses	53,565,385.60	29,502,881.70
Hospitality supplies and services	74,208,958.95	45,095,514.00
Insurance costs	167,636,417.00	128,761,002.00
Specialized materials and services	272,007,122.30	252,418,102.75
Office and general supplies and services	27,111,145.15	19,676,411.00
Other operating expenses	102,917,077.45	39,024,269.25
Routine maintenance - vehicles and other transport equipment	20,223,069.00	20,761,072.75
Fuel oil and lubricants	59,404,299.50	45,129,984.95
Routine maintenance - other assets	167,917,966.55	47,113,465.00
Total	**1,228,916,638.00**	**819,772,645.80**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Scholarships and other educational benefits	2,000,000.00	1,508,066.00
Subsidies to Private Enterprises		
Total	**2,000,000.00**	**1,508,066.00**

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Transfers to County Assembly	656,366,172.85	642,754,197.00
Total	**656,366,172.85**	**642,754,197.00**

15. OTHER GRANTS AND PAYMENTS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Other currenttransfers, grants and subsidies	49,072,068.00	194,635,860.05
Other capital grants and transfers	506,908,415.40	126,000,000.00
Subsidies to small businesses, cooperatives and self employed	-	-
Total	**555,980,483.40**	**320,635,860.05**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Government pension and retirement benefits	28,009,317.25	10,743,470.00
Social security benefits in cash and in kind	0.00	0.00
Employer Social Benefits in cash and in kind	0.00	0.00
Total	**28,009,317.25**	**10,743,470.00**

17. ACQUISITION OF ASSETS

Non-Financial Assets	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	94,152,299.05	14,118,562.15
Refurbishment of Buildings	50,562,036.90	27,435,796.55
Construction of Roads	536,724,656.25	199,344,881.15
Construction and Civil Works	408,256,514.25	230,361,046.35
Overhaul and Refurbishment of Construction and Civil Works	39,838,937.75	22,908,064.75
Purchase of vehicles and Other Transport Equipment	26,099,399.75	69,758,330.00
Overhaul of vehicles and Other Transport Equipment	1,513,600.00	-
Purchase of Household Furniture and Institutional Equipment	401,171.00	169,162.00
Purchase of Office Furniture and Institutional Equipment	29,397,038.00	7,350,803.00
Purchase of ICT Equipment	0.00	0.00
Purchase of Specialized Plant, Equipment and Machinery	142,517,985.50	137,605,862.20
Rehabilitation and Renovation of Plant, Machinery and Equipment	0.00	0.00
Purchase of Certified seeds, Breeding Stock and Live Animals	10,889,846.00	28,543,183.00
Research, Studies, Project Preparation, Design and Supervision	13,730,120.00	7,470,832.60
Rehabilitation of Civil Works	3,100,000.00	0.00
Acquisition of Strategic Stocks and commodities	0	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	0.00	0.00
Total acquisition of non-financial assets		
Financial Assets		
Domestic Public Non-financial Enterprises	0.00	0.00
Domestic Public Financial Institutions	0.00	0.00
Total acquisition of financial assets	0.00	0.00
Total acquisition of assets	**1,357,183,604.45**	**745,066,523.75**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Exchange Rate losses	0.00	0.00
Interest Payments on Foreign Borrowings	0.00	0.00
Interest Payments on Guaranteed Debt Taken over by Government	0.00	0.00
Interest on Domestic Borrowings (Non - Government)	0.00	0.00
Interest on Borrowings from Other Government Units	0.00	0.00
Total	0.00	0.00

19. REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Repayments on Borrowings from Domestic	0.00	0.00
Principal Repayments on Guaranteed Debt Taken over by Government	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	0.00	0.00
Repayment of Principal from Foreign Lending and On - Lending	0.00	0.00
Total	0.00	0.00

20. OTHER PAYMENTS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Budget Reserves	273,862,241.75	525,581,167.60
KRA DEDUCTIONS	0.00	0.00
Civil Contingency Reserves	0.00	0.00
Other payments	0.00	100,000,000.00
Total	**273,862,241.75**	**625,581,167.60**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. and currency	Indicate Whether recurrent, Development, deposit, receipts e.t.c	Bank Balance (Kshs.)	Comparative amount FY 2017/2018 (Kshs)
County Revenue Fund (CRF) - Account No. 1000171634	Revenue	655,179,743.95	1,191,198,431.70
Nyeri county recurrent account	Recurrent	4,942,894.85	30,568.90
Nyeri county development account	Development	3,171,350.70	13,141,545.60
Kenya Roads Board Account 1000252804	Special Purpose	128,791,233.25	116,911,364.00
Nyeri County Health Sector Special Purpose Account No. 1000339241	Special Purpose	5,802,313.85	10,585,712.00
KCB Revenue Account No 1140760319	Revenue	0.00	437,469.00
Co-operative bank imprest account -01141511315000	Deposit	94,037,735.25	57,191,216.10
Equity Bank - Land rates Account No.0110264079376	Revenue	0.00	1,184.00
Equity Bank revenue Account No. 011026191234	Revenue	0.00	66,213.01
Health sector revenue KCB Account No. 1177001608	Revenue	0.00	288,890.00
Cooperative Revenue Account 01141666594400	Revenue	0.00	363,745.00
Nyeri county youth polytechnic Project Grant Account No. 1000367358	Special Purpose	420,000.00	0.00
Nyeri County Climate Smart Agriculture Sector Special Purpose Account No. 1000364793	Special Purpose	28,741,112.00	0.00
Nyeri County Agriculture Sector Dev Support Programme II Account No. 1000364807	Special Purpose	764,300.00	0.00
Nyeri County Urban Dev Grant Account No. 1000372214	Special Purpose	232,161,626.40	0.00
Nyeri County Urban Institute Grant Account No. 1000372222	Special Purpose	0.00	0.00
Total		**1,154,012,310.25**	**1,390,216,339.31**

21B. CASH IN HAND

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Cash in Hand - Held in domestic currency	0.00	0.00
Cash in Hand - Held in domestic currency	0.00	0.00
Total	0.00	0.00

Cash in hand should also be analysed as follows:

Description	FY 2018 - 2019	FY 2017 - 2018
	Kshs	Kshs
Location 1	0.00	0.00
Location 2	0.00	0.00
Location 3	0.00	0.00
Total	**0.00**	**0.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Government Imprests	19,960,734.00	124,409,744.00
Clearance accounts	0.00	0.00
Total	**19,960,734.00**	**124,409,744.00**

Name of the Officer or Institution	Date Imprest Taken	Amount Taken
		Kshs
Name of the Officer or Institution	0.00	0.00
Name of the Officer or Institution	0.00	0.00
Name of the Officer or Institution	0.00	0.00
Name of the Officer or Institution	0.00	0.00
Total	**0.00**	**0.00**

23. ACCOUNTS PAYABLE

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Cooperative Bank Imprest Account 01141511315000	94,037,735.25	57,191,216.10
Retention monies	0.00	0.00
Total	**94,037,735.25**	**57,191,216.10**

24. FUND BALANCE BROUGHT FORWARD

Description	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Bank accounts	0.00	1,360,082,151.25
Cash in hand	0.00	0.00
Receivables - outstanding imprests	0.00	13,745,018.80
Payables - deposits	0.00	0.00
Total	**0.00**	**1,373,827,170.05**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

Description of the error	FY 2018-2019	FY 2017-2018
	Kshs	Kshs
Adjustments on bank account balances (Note 28 A)	58,348,717.11	0.00
Adjustments on Bank account balances (Note 28 B)	(724,070.00)	0.00
Adjustments on payables		
Adjustments on receivables 2018 (Imprest adjustment)	(53,018,798.81)	0.00
Other (specify)		
	4,605,848.30	**0.00**

26. CHANGES IN RECEIVABLE

DESCRIPTION	2018 - 2019
	KShs
Opening receivable 1st July 2018	124,409,744.00
Less Surrendered imprests (overstatement - 2017/2018)	(53,018,798.81)
Less Surrendered imprests (overstatement - 2016/2017)	(9,593,880.79)
Adjusted opening 1st July 2018	61,797,064.40
Closing Bal 30th Jun 2019	(19,960,734.00)
Actual change in receivables	41,836,330.40

27. CHANGES IN ACCOUNTS PAYABLES – DEPOSITS AND RETENTIONS

DESCRIPTION	2018-2019
	KShs
Deposit and Retentions as at 30th Jun 2019 (A))	94,037,735.25
Less Deposit and Retentions as at 1st July 2018 (B)	(57,191,216.10)
Net changes in account receivables C= A-B	**36,846,519.15**

28A. BANK BALANCE ADJUSTMENT OPENING 2018/2019

BANK ACCOUNT	AMOUNT
KCB Revenue account -1140760319	437,469.00
Cooperative bank imprest account-01141511315000	57,191,216.10
Land rates Equity bank-0110264079376	1,184.00
Equity revenue-011026191234	66,213.00
Health sector revenue K.C.B 1177001608	288,890.00
Cooperative Revenue Account 01141666594400	363,745.00
Total	**58,348,717.10**

28B. BANK BALANCE ADJUSTMENT CLOSING 2018/2019

DESCRIPTION	AMOUNT (Kshs)
KCB Revenue account -1140760319	685,270.00
Health sector revenue K.C.B 1177001608	38,800.00
Total	**724,070.00**

5.10. OTHER IMPORTANT DISCLOSURES

1. 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 Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions

2. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

Entity	Date Established / Date taken over	Location	Accounting Officer responsible
Corporation	**N/A**	**N/A**	**N/A**
Water and Sewerage Company:			
• **Nyeri Water and Sanitation Company.(NYEWASCO)**	Formation date: 23rd September, 1997. Devolved in January 2014.	Nyeri Central Sub county.	Mr. Peter M Gichaga.
• **Tetu Aberdare Water and Sanitation Company.(TEAWASCO)**	Formation date: 13th April, 2006. Devolved in January 2014.	Tetu Sub county.	Mr. Simon Wanjau.
• **Mathira Water and Sanitation Company.(MAWASCO)**	Formation date: 19th August, 2004. Devolved in January 2014.	Mathira Sub county.	Mr. David Gathogo Kamau.
• **Naromoru Water and Sanitation Company.(NAROWASCO)**	Formation date: 28th August, 2012. Devolved in January 2014.	Naromoru Sub County.	Mr. David Paul Gitonga Ndirangu.

Entity	Date Established / Date taken over	Location	Accounting Officer responsible
• **Othaya Mukurwe-ini Water Services Company.(OMWASCO)**	Formation date: May 2006. Devolved in June 2019.	Othaya Sub County.	Mr. Symon Munene.
• **Mutitu Water Company.**	Formation date: January 2010. Devolved in January 204.	Mugunda/Nairutia, Kieni West Sub County.	Mr Peter Muturi Mwangi
Fund:	Formation date: 23rd July,2005	Nyeri Town	Simon Wachira Ngatia
• **Elimu Fund.**			
• **Car Loan and Mortgage Fund.**		Nyeri Town	John Ngugi.
• **Enterprise Development Fund.**		Nyeri Town	Ibrahim Aden.
Board:		Nyeri Town	Felistus Kigwa.
• **Municipal Board.**			
• **County Public Service Board.**		Nyeri Town	Anthony Ndonga.
Project:	Formation date: 16th October,2017	Nyeri Town.	Ruth Mwangi.
• **Kenya Climate Smart Agriculture Project.(KCSAP)**			
Scheme	**N/A**	**N/A**	**N/A**

5.11. 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)*
1. 1.1. 1.2.	**Variances between the financial statements and IFMIS report:** • **Statement of receipts and payments.** • **Statement of Assets and Liabilities.**	IFMIS report had errors. Clearing errors and posting the unposted transactions. Financial reports are prepared manually hence more reliable	Team leader-Eustace Kingori.	Pending Senate.	Pending Senate.
2.	**Presentation of the other information.**	The County government is training the accountants on how to make reports.	.	Pending Senate.	Pending Senate.
3. 3.1.	**Summary of Fixed Asset Register:** • **Pending bills**	An updated asset register has been provided. Appointment of asset register committee. Pending bills resulted from a system break down. The County formed a committee to evaluate legality and authenticity of this bills.	Team Leader-Eunice Mwangi Team Leader-Beatrice Muturi.	Pending Senate. Pending Senate	Pending Senate. Pending Senate
1.	**Other matters** **Accounts Receivables – Outstanding Imprests**	This resulted from imprests that had been manually surrendered but had not yet been cleared in the system. The imprests have been surrendered and confirmed.	Team Leader: Lucy Kirigo.	Pending Senate	Pending Senate
1.	**Basis for Conclusion** **Failure to submit Financial Statements for County Funds**	The Administrators of Elimu Fund and Enterprise Fund later prepared financial statements.	Team Leader: Eustace Kingori.	Pending Senate	Pending Senate

		On Car Loan & Mortgage the bank was instructed to correct the anomalies.			
2. 2.1	**Budget Performance** **Overall Budgeted and Actual Expenditure**	The financial year under review had a delayed approval and release of funds by the National Treasury. The county has been recording a higher absorption rate of 66.6% in 2018/19	Team Leader-Chris Gathogo.	Pending Senate	Pending Senate
2.2.	**Under/over Expenditure on Heads/Items**	Salaries increment for the medical staff was as per the negotiated collective bargain agreement The county undertook a staff identification exercise. The County set aside an allocation of Kshs. 100 million for early retirement	Team Leader: Elizabeth Mathenge.	Pending Senate	Pending Senate
2.3.	**Revenue Budget Performance**	The county government has made a tremendous improvement in the revenue collection Due to the improved NyeriPay system which encourages cashless payment The financial year 2018/2019 an increase of 10.16% was recorded.	Team leader: Shaban Mwangi.	Pending Senate	Pending Senate
3.	**Delay in Implementation of Street Lighting Project.**	Three projects have been done with only 2 pending on VAT Payment and KPLC system issues.	Joram Karimi	Pending Senate	Pending Senate
4.	**Abandoned project-Kirimukuyu Footbridge.**	The contractor deserted the works after the first payment certificate. The work was retendered to ensure completion	Eng. Sospeter Muiruri	Pending Senate	Pending Senate

5.	**Delayed completion of Titie Water Treatment Plant.**	The contractor requested for extension of time due to the change of the site and heavy rains within the construction period. The works are now complete. Phase II of Titie Treatment Works has been awarded to a different contractor.	Team Leader Stanley Maina Mutuota	Pending Senate	Pending Senate
6.	**Expired Drugs.**	The list provided for expired drugs was for several years dating pre-devolution. The system now is a demand driven process.	Team leader Dr. Muriu.	Pending Senate	Pending Senate
7.	**Failure to achieve 30% Ethnic Diversity in Recruitment Process.**	a) Majority of applicants are from the dominant community. The County Government continues to advertise posts in the national media platforms.	Team leader Edward Mwangi	Pending Senate	Pending Senate
1.	**<u>Basis for conclusion</u> Lack of an audit committee.**	The committee has been constituted and it is now functional as evidenced by the attached letter of appointments and minutes on various meetings held.	Team Leader John Muchira	Pending Senate	Pending Senate

CEC, County Treasury

Sign.....

Date..29/09/2020

ANNEXES

ANNEX 1 – DETAILED ANALYSIS OF LOCAL / OWN SOURCE REVENUES

Below table is a summary of local revenue for the Financial Year 2018/2019 as at 30th June, 2019. All revenue sources/streams are analyzed as a percentage of annual targeted revenue.

Revenue Stream	Annual Targeted Revenue (Kshs.)	Revenue Performance in FY 2018/2019 (Kshs.)	Percentage Performance in FY 2018/2019 (%)
Liquor License	**52,154,900**	46,188,654	88.56
Commission 3%	**2,000,000**	2,890,598	144.53
Agricultural Mechanization Station	**1,155,400**	1,207,900	104.54
Wambugu Agricultural Training Centre	**7,900,000**	6,557,579	83.01
Veterinary Charges	**5,380,000**	5,029,712	93.49
Slaughtering Fees	**3,776,780**	2,455,810	65.02
Slaughter House Inspection Fees	**1,726,890**	1,681,175	97.35
Nyeri Slaughter House	**702,000**	0.00	0.00
Kiganjo Slaughter House	**120,720**	40,000	33.13
Sale of Fertilizer/lime	**2,204,890**	2,229,100	101.10
Coffee cess	**0.00**	1,782,590	0.00
Business Permits (e-SBP)	**131,712,154**	93,027,580	70.63
Ambulant Hawkers Licenses (Other than BSS Permits)	**452,000**	624,895	138.25
Market Entrance/Stalls/Shop Rents	**51,803,210**	34,168,978	65.96
Weights and Measures	**1,425,920**	2,592,240	181.79
Central Kenya show annual permit	**500,000**	0.00	0.00
Co-operative Audit	**2,000,000**	1,745,400	87.27
Hospital Services	**290,333,510**	242,227,436	83.43
Public Health	**17,131,050**	13,381,715	78.11
Burial Fees	**174,060**	25,300	14.54
Public Toilets	**600,000**	528,130	88.02
Garbage Dumping Fee/waste disposal charges	**1,051,960**	962,645	91.51
Refuse Collection Fee	**40,331,880**	39,849,696	98.80
Miscellaneous Income	**1,242,820**	1,689,713	135.96
Document Search Fee	**555,470**	196,250	35.33
Tender Documents Sale	**1,759,800**	0.00	0.00
Impounding Charges/Court Fines, penalties, and forfeitures	**2,037,060**	2,844,052	139.62
Application Fee	**20,735,690**	19,224,121	92.71
Business Subletting / Transfer Fee	**124,160**	47,500	38.26
Parking Fees	**67,207,372**	30,794,681	45.82
Enclosed Bus Park	**75,788,760**	69,085,405	91.16
Parking Clamping/Penalties/Offences fees	**2,966,560**	1,782,050	60.07

Revenue Stream	Annual Targeted Revenue (Kshs.)	Revenue Performance in FY 2018/2019 (Kshs.)	Percentage Performance in FY 2018/2019 (%)
Cess (Quarry, Produce, Kaolin, etc.)	**35,783,528**	43,358,635	121.17
Land Rates	**85,456,080**	61,247,091	71.67
Other Property Charges	**698,970**	196,893	28.17
Ground Rent - Current Year	**3,343,060**	2,385,666	71.36
Ground Rent - Other Years	**2,902,141**	2,297,460	79.16
Stand Premium/Commissioner of Lands	**100,000**	0.00	0.00
Temporary Occupation License (TOL), New Occupation, Space Rent etc.	**2,249,510**	680,000	30.23
Plot Transfer Fee	**1,555,000**	743,700	47.83
Housing Estates Monthly Rent	**18,582,300**	27,900,599	150.15
Housing Estates Monthly Rent (Kiawara, Majengo & King'ong'o Phase 3)	**1,234,800**	209,044	16.93
Approvals (Extension of users, Pegging for Kiosk, Subdivision, transfer, Amalgamation, survey, Occupation Cert, boundary dispute etc.)	**1,565,800**	5,801,580	370.52
Sign Boards & Advertisement Fee	**25,498,425**	23,817,535	93.41
Buildings Plan Approval Fee	**11,572,000**	16,898,597	146.03
Buildings Inspection Fee	**3,818,570**	3,955,840	103.59
Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	**1,765,800**	5,370,940	304.16
Consent to Charge Fee/Property Certification Fee (Use as Collateral)	**1,789,800**	1,304,200	72.87
Agency Fee (Fees from KHC, Insurance Firms, etc.)	**100,000**	51,000	51.00
Sales of Council's Minutes / Bylaws	**406,000**	171,000	42.12
Benevolent Fund	**1,646,000**	380,500	23.12
Debts Clearance Certificate Fee	**3,457,200**	1,890,300	54.68
Social Hall Hire, IFAD Hall	**235,000**	90,500	38.51
Stadium Hire	**3,500,000**	497,000	14.20
Fire-Fighting Services	**4,877,000**	12,919,502	264.91
Nursery Schools Fee (KRT)	**315,000**	41,350	13.13
Nursery Schools Fee (King'ong'o)	**227,000**	149,600	65.90
Nursery Schools Fee (Nyakinyua)	**208,000**	175,500	84.38
Registration of School, Training/Learning Centre Fee	**58,000**	0.00	0.00
Sub-total	**1,000,000,000**	**837,394,937**	**83.74**

ANNEX 2 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period - FY 2018-2019	Equitable Share (Kshs.)	DANIDA (Kshs.)	Level 5 hospitals allocation (Kshs.)	Other transfers- Donor funds transferred through exchequer(Kshs.)	Total Transfers from the National Treasury/ Exchequer(Kshs.)
Total Exchequer Release for quarter 1	251,200,000.00	0.00	20,393,064.00	0.00	**271,593,064.00**
Total Exchequer Release for quarter 2	803,840,000.00	0.00	0.00	406,366,800.35	**1,210,206,800.35**
Total Exchequer Release for quarter 3	1,884,000,000.00	16,605,000.00	179,458,959.00	82,148,236.40	**2,162,212,195.40**
Total Exchequer Release for quarter 4	2,084,960,000.00	0.00	208,009,249.00	433,919,110.15	**2,726,888,359.15**
Total	**5,024,000,000.00**	**16,605,000.00**	**407,861,272.00**	**922,434,146.90**	**6,370,900,418.90**

ANNEX 3 – ANALYSIS OF ARREARS FROM NATIONAL TREASURY & CONDITIONAL GRANTS

SUMMARY OF REVENUE ARREARS AS AT 30TH JUNE 2019

Revenue Sources	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Variance (Kshs)	Percentage Performance (%)	Arrears (Kshs)
Balance B/F from Previous FY	1,387,510,339	1,387,510,339	0	100%	**0**
Equitable Share	5,024,000,000	5,024,000,000	0	100%	**0**
Level V Hospitals	407,861,272	407,861,272	0	100%	**0**
Road Maintenance Fuel Levy Fund	132,277,544	165,996,793	(33,719,249)	125%	**0**
User Fees Forgone	13,701,379	13,701,379	0	100%	**0**
Development of Youth Polytechnics	28,795,000	0	28,795,000	0%	**28,795,000**
DANIDA - Universal Health Care in Devolved Units Programme (UHDSP)	16,605,000	16,605,000	0	100%	**0**
Kenya Devolution Support Program (KDSP) Level 1 (WB)	43,740,998	0	43,740,998	0%	**43,740,998**
Kenya Devolution Support Program (KDSP) Level 2 (WB)	0	229,776,792	(229,776,792)	100%	**0**
World Bank Kenya Climate Smart Agriculture – KCSAP	117,000,000	40,980,203	76,019,797	35%	**76,019,797**
KUSP - Kenya Urban Support Project Grant (UDG)	277,839,100	277,839,100	0	100%	**0**
THUSCP Allocation - transforming Health Care System (WB)	50,000,000	27,901,561	22,098,439	56%	**22,098,439**
Universal Health Care Program (UHC) – GOK	319,788,780	159,894,390	159,894,390	50%	**159,894,390**
Agricultural Sector Development Support Programme	17,424,659	6,343,929	11,080,730	36%	**11,080,730**
Local / Own Source Revenue	1,000,000,000	837,394,937	162,605,063	84%	**0**
Total Revenue	**8,836,544,071**	**8,595,805,695**	**240,738,376**	**97%**	**341,629,354**

NB:

(i) Road Maintenance Fuel Levy Fund of Kshs. 33,719,249 was arrears from previous FY 2017/2018 which was received in FY 2018/2019.

(ii) Kenya Devolution Support Program (KDSP) Level 2 (World Bank Grant) was received towards the end of FY 2018/2019 and was not budgeted for.

ANNEX 4 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

SUMMARY OF PENDING BILLS AS AT 30TH JUNE 2019

DEPARTMENT	As at 30th June 2018 (Recurrent + Development)			Additional for FY 2018/19			Total 30th June 2019
	30th June 2018	Paid FY2018/19	Not paid (A)	Recurrent	Development	Total (B)	(A) + (B)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Office of the Governor & Deputy Governor	4,806,110.00	4,806,110.00	0.00	216,673.45	0.00	216,673.45	216,673.45
Office of the County Secretary	89,960.00	89,960.00	0.00	0.00	0.00	0.00	0.00
Finance and Economic Planning	27,262,757.35	20,358,432.72	6,904,324.63	735,031.05	0.00	735,031.05	7,639,355.68
Lands, Physical Planning, Housing and Urbanization	38,590,010.40	38,490,010.40	100,000.00	0.00	0.00	0.00	100,000.00
Health, Public Health and sanitation	204,906,924.66	161,405,195.00	43,501,729.66	0.00	355,322.00	355,322.00	43,857,051.66
Gender and Social Services	9,360,195.00	9,044,026.00	316,169.00	321,297.40	0.00	321,297.40	637,466.40
County Public Service, Administration & Youth Affairs	8,188,911.15	7,670,211.15	518,700.00	249,040.95	0.00	249,040.95	767,740.95
Agriculture, Livestock and Fisheries	26,893,300.25	23,684,612.40	3,208,687.85	35,086.20	321,921.20	357,007.40	3,565,695.25
Trade, Culture, Tourism & Cooperative Development	11,116,935.84	11,116,935.84	0.00	553,484.90	0.00	553,484.90	553,484.90
Education, Science and Technology	8,799,497.28	8,799,497.28	0.00	0.00	0.00	0.00	0.00
Water, Environment & Natural resources	5,841,441.50	4,876,471.50	964,970.00	0.00	0.00	0.00	964,970.00
County Public Service Board	134,550.00	0.00	134,550.00	0.00	0.00	0.00	134,550.00
Transport, Public Works & Infrastructure	21,390,359.20	21,390,359.20	0.00	223,053.45	3,026,489.75	3,249,543.20	3,249,543.20
Total	**367,380,952.63**	**311,731,821.49**	**55,649,131.14**	**2,333,667.40**	**3,703,732.95**	**6,037,400.35**	**61,686,531.49**

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2018/2019
Land	0.00	0.00	0.00	0.00	0.00
Construction of Buildings	0.00	94,152,300.00	0.00	0.00	94,152,300.00
Buildings and structures	35,684,005.00	0.00	0.00	0.00	35,684,005.00
Transport equipment	71,758,330.00	26,099,400.00	0.00	0.00	97,857,730.00
Office equipment, furniture and fittings	15,907,453.00	29,397,038.00	0.00	0.00	45,304,491
ICT Equipment	0.00	0.00	0.00	0.00	0.00
Machinery and Equipment	174,385,046.20	142,517,985.50	0.00	0.00	316,903,031.70
Heritage and cultural assets	0.00	0.00	0.00	0.00	0.00
Purchase of Household furniture and institutional equipment	169,162.00	401,171	0.00	0.00	570,333
Intangible assets	0.00	0.00	0.00	0.00	0.00
Infrastructure assets- Roads, Rails	0.00	1,064,615,711.15	0.00	0.00	1,064,615,711.15
Work in progress	0.00	0.00	0.00	0.00	0.00
Total	**297,903,996.20**	**1,357,183,605.65**	-	-	**1,655,087,601.85**

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred	Amount Confirmed as received	Difference	Explanation
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
1	County Assembly	130,766,864.00	139,052,821.00	186,787,800.00	199,374,764.00	655,982,249.00	655,982,249.00		
6	Youth Polytechnics	0.00	42,211,484.00	0.00	0.00	42,211,484.00	42,211,484.00		
Total		**130,766,864.00**	**181,264,305.00**	**186,787,800.00**	**199,374,764.00**	**698,193,733.00**	**698,193,733.00**		

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT

F.O. 30

COUNTY GOVERNMENT OF NYERI
REVENUE ACCOUNT
CRF ACCOUNT No. 1000171634

BANK RECONCILIATION

For the month of June 2019

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				655,179,743.95
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)		0.00	
2	Receipts in bank statement not yet recorded in cash book		0.00	
Add:				
3	Payments in bank statement not yet recorded in cash book	0.00		
4	Receipts in cashbook not yet recorded in bank statement	0.00		
Balance as per Cash book				655,179,743.95

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

..... P. A Ccountant 29.9.2020

Signature **Designation** **Date**

ANNEX 8 – BANK RECONCILIATION/FO 30 REPORT

COUNTY GOVERNMENT OF NYERI

JUNE 2019

F.o. 30

REPUBLIC OF KENYA

Account number : 1000372214

URBAN DEVELOPMENT BANK RECONCILIATION

For the month of JUNE 2019

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				234,008,300.00
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			1,846,673.60
2	Receipts in bank statement not yet recorded in cash book			
Add:				
3	Payments in bank statement not yet recorded in cash book	-		
4	Receipts in cashbook not yet recorded in bank statement		-	
	Balance as per Cash book			**232,161,626.40**

I certify that I have verified the bank balances in the cash book with Bank statement and tha the above reconciliation is correct.

Signature	Designation	Date
.....	D/A	29.9.2020

ANNEX 9 – BANK RECONCILIATION/FO 30 REPORT

COUNTY GOVERNMENT OF NYERI
AS AT JUNE 2019

F.o. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

For the month of JUNE 2019

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				**147,889,054.55**
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			19,097,841.30
2	Receipts in bank statement not yet recorded in cash book			
Add:				
3	Payments in bank statement not yet recorded in cash book			
4	Receipts in cashbook not yet recorded in bank statement			
				128,791,213.25

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

.....	ACCOUNTANT	29/9/2020
Signature	Designation	Date

ANNEX 10 – BANK RECONCILIATION/FO 30 REPORT

COUNTY GOVERNMENT OF NYERI
AS AT JUNE 2019
F.o. 30
REPUBLIC OF KENYA

DEVELOPMENT BANK RECONCILIATION
Account number : 1000171197

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				1,796,662.20
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			581,216,554.40
2	Receipts in bank statement not yet recorded in cash book			
Add:				
3	Payments in bank statement not yet recorded in cash book	-		
4	Receipts in cashbook not yet recorded in bank statement		-	584,265,413.75
	Balance as per Cash book			**4,845,521.55**

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

.....
Signature

D/A
Designation

29.9.2020
.....
Date

ANNEX 11 – BANK RECONCILIATION/FO 30 REPORT

COUNTY GOVERNMENT OF NYERI
JUNE 2019
F.o. 30
REPUBLIC OF KENYA
Account number : 1000171227
RECURRENT BANK RECONCILIATION

For the month of JUNE 2019				
		Ksh	Ksh	Ksh
Balance as per Bank certificate:				5,458,227.30
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			208,240,162.50
2	Receipts in bank statement not yet recorded in cash book			
Add:				
3	Payments in bank statement not yet recorded in cash book	-		
4	Receipts in cashbook not yet recorded in bank statement		-	207,724,777.90
	Balance as per Cash book			**4,942,842.70**

I certify that I have verified the bank balances in the cash book with Bank statement and that the above reconciliation is correct.

.....	D/A	29.9.2020
Signature	Designation	Date