REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF NYERI

FOR THE YEAR ENDED 30 JUNE 2018

Revised Template of June2018

COUNTY GOVERNMENT OF NYERI

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED
JUNE 30, 2018

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

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

b) Key Management

The County Government of Nyeri day-to-day management is under the following keyorgans:

S/NO	NAME	PORTFOLIO
1.	Hon. Mutahi Kahiga	Governor
2.	Hon. Caroline Karugu	Deputy Governor
3	Hon. John Kagucia	Speaker County Assembly
3.	Gachichio Benjamin Wachira	County Secretary
4.	Mwangi Robert Thuo	Finance and Economic Planning
5.	Wanjaria Daniel Kwai	Land, Physical Planning, Housing and Urbanization
6.	Njeru Beth Karimi	County Public Service, Administration
7.	Macharia Margaret Wangechi	Education, Sports, Science and Technology
8.	Kinyua Fredrick Wanjohi	Water, Environment, Natural Resources and Sanitation
9.	Dr. Rachael Kamau	Health Services
10.	Tarichia Diana Kendi	Trade, Tourism and Co-Operative
11.	Kariuki Muthui	Transport, Public Works And Infrastructure
12.	Kinyua Henry Gichuhi	Agriculture, Livestock And Fisheries
13.	Esther Muthoni Ndung'u	Gender, Youth & Social Services
14.	Paul Wambugu	Chief of Staff
15.	Kimani Rucuiya	County Legal Officer
17.	David Mugo	Legal Advisor
18.	Simon Gachunia	Economic Advisor
19.	Samuel Nyingi	Head of Performance

c) Fiduciary Management

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

No.	Designation	Portfolio	Name
1.	Accounting Officer	Lands, Housing, Planning and Urbanization	Hannah Maranga
2.	Accounting Officer	Department of Health Services	Newton Wambugu
3.	Accounting Officer	Education, Science and Technology	Simon Wachira Ngatia
4.	Accounting Officer	Department of Public Service	Pauline Ndegwa
5.	Accounting Officer	Infrastructure, Roads and Public Works	Julius Ringera
6.	Accounting Officer	Agriculture, livestock & Fisheries	Ruth Mwangi
7.	Accounting Officer	Trade, Tourism And Co-Operatives	Ibrahim Adan Eden
8.	Accounting Officer	Gender, Social Services & Sports	Joseph Kanyi King'ori

No.	Designation	Portfolio	Name
9.	Accounting Officer	Economic Planning	Francis M. Kirira
10.	Accounting Officer	Water, Environment and Natural Resources	Stanley Maina Mutuota
11.	Accounting Officer	Finance and Accounting	John Ngugi
12.	Accounting Officer	County Secretary's Office	Solomon N. Chengecha
13.	Accounting Officer	Governor's Office	Boniface M. Mwangi
14	Accounting Officer	County Assembly	Jenard Muige

d) Fiduciary Oversight Arrangements

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *County assembly committees activities*
- *Development partner oversight activities*
- *Other oversight activities*

e) County Government of Nyeri Headquarters

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

f) County Government of Nyeri

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

g) 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
   Co-operative Bank
   Equity Bank

h) Independent Auditors

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

GOP 00100
Nairobi, Kenya

i) **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

This financial statement is prepared in accordance with Section 163, 164, and 165 of the Public finance Management Act, 2012. The sections of the PFM listed above require all County Governments through their respective county treasuries to prepare financial statements at the end of every financial year. The preparation of this statementis in accordance with the guidelines, standard, and format prescribed by the Public Sector Accounting Standard Board. The financial statements provide a representative, true and fair view of the financial position of the county as at 30th June, 2018.

During the fiscal year 2017/2018, the total county budget was Kshs. 7,961,108,064. From this amount, Kshs. 5,471,574,385 was allocated for recurrent expenditure while the remaining Kshs 2,489,533,679 was set aside for development purposes. The funding of this budget was achieved through Equitable Share from the National Government, Conditional Grants, Donor Funds, and Transfers from Other Government Entities and Agencies as detailed in the table below which reflects the projected amount and actual receipt during the period under review.

Additionally, local revenue collections also contributed significantly in financing the FY 2017/18 budget. Some of the local revenue streams that contributed to the financing of the budget include Hospital Services Fee; Single Business Permits; Parking Fees; Land Rates; Cess; Refuse Collection Fee; House Monthly Rent; and Sign Boards & Advertisements.

The cumulative local revenue collected amounted to Kshs. 760,186,651 against an annual projection of 1,000,000,000. Although the target was not achieved, the amount collected represents 76.02 percent achievement against the set target and an increase by 18.2 percent from the previous year's collections.

Sources of Funds for FY 2017/2018 Budget

Revenue Sources and Expenditure	Revised Appropriation (Kshs)	Actual Performance (Kshs)
Balance B/F	1,279,269,871	1,279,269,871
Equitable Share	4,952,800,000	4,952,800,000
Level V Hospital	407,861,272	407,861,272
Free Maternity	0	0
User fee foregone	13,701,379	14,347,664.00
Danida Grant-Health Facilities	12,845,841	19,911,053
World Bank Loan for transforming health systems for universal care project	22,000,000	10,000,000
Road maintenance fuel levy fund	189,567,564	155,848,315
Youth Polytechnics	42,211,848	42,211,848
Level 1 Grant KDSP	40,850,289	40,850,289
Local Revenue	1,000,000,000	760,228,551
Total Revenue	**7,961,108,064**	**7,683,328,863**

By the close of the Fiscal year, the County's expenditure on development amounted to Kshs. 1,329,409,995 On the other hand, recurrent expenditure was Kshs. 4,989,762,399

The financial statement is based on the fiscal framework for the Financial Year 2017/18 whose primary purpose was to strike an appropriate balance between sustainable growth and continued fiscal discipline. The county continues to boost fiscal discipline by putting in place measures to ensure effective and efficient public spending while at the same time adhering to the fiscal responsibilities outlined in the PFM Act, 2012.

The County Fiscal Strategy Paper (CFSP)2017, provided a framework for prioritization of development projects and programmes within the county based on resource availability.The prioritization of development projects enabled the optimal allocation of limited funds and maximization of output which consequently led to the achievement of value for public funds and also ensured that the resources achieved their intended use.

Some of the major programmes and milestones that were achieved during the FY 2017/2018 include but not limited to; procurement of lime and certified fruit trees seeds to improve agricultural productivity within the county, constructing and equipping of youth polytechnics and ECDE centers across the county, employment of ECDE teachers, rolling out of the county annual internship program to equip fresh graduates with requisite skills for the job market, continuous upgrading of roads to ensure that they meet the all-weather standards through the 2 Km per ward programme, the 3yrs rolling roads affirmative action programme for Kieni, continuous improvement and rehabilitation of markets, Lighting of major trading centers, with high floodlights mast and streetlights, Distribution of drinking and irrigation water, provision of promotive, preventive, curative and rehabilitative health care including improvement and upgrading of existing health facilities among others.

Nevertheless, the implementation of these projects was not without various challenges Some of the notable hindrances that were encountered included, delays in the budget approval process by the county assembly. Moreover, the County Government also faced challenges as a result of delayed disbursement of funds from the National Government and the frequent IFMIS System failures and downtimes that slackened and interrupted the payment process, leading to an accumulation of liabilities and pending bills.

In the coming days, the County Government plans on improving its Financial Management processes in accordance with the PFM regulations and acts to ensure maximum benefits to the people. Furthermore, the County Government also plans on enhancing collaborations and cooperation with various government agencies in an effort to eliminate the hindrance to the process of allocation and utilization of resources.

Sign

County Executive Committee member – Finance

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receiptsand 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) memberfor finance of theCounty Government is responsible for the preparation and presentation of theCountyGovernment'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 financialyear ended onJune 30, 2018. This responsibility includes:

(i) maintaining adequate financial management arrangements and ensuring that these continue to beeffective 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; and

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

The CEC member for financeaccepts 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 financeis 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 financial year ended June 30,2018, and of its financial position as at that date. The CEC member for financefurther confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for financeconfirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants(where applicable), and that theCounty 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 financeconfirms 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'sfinancial statements were approved and signed by theCEC member for financeon 21/ 12 /2018.

County Executive Committee Member – Finance

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF NYERI FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Nyeri set out on pages 8 to 49, which comprise the statement of assets and liabilities as at 30 June 2018, 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 effect 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 County Executive of Nyeri as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances Between the Financial Statements and IFMIS Report

The financial statements for the year ended 30 June 2018 reflects various amounts and balances which are at variance with the figures shown in the IFMIS report as detailed below:

1.1. Statement of Receipts and Payments

The statement of receipts and payments amounts of Kshs.6,404,017,091 and Kshs.6,320,409,393 are at variance with IFMIS report receipts and payments of Kshs.13,050,757,622 and Kshs.5,429,588,225 respectively as detailed below:

Item	Amount as per IFMIS Kshs.	Amount as per Financial Statements Kshs.	Variance Kshs.
Receipts			
Exchequer Releases	11,781,374,746	4,952,800,000	6,828,574,746
Other Receipts	796,711,714	760,186,651	36,525,063
Proceeds from Domestic and Foreign Grants	0	70,761,342	(70,761,342)
Transfers from other Government Entities	472,671,162	620,269,098	(147,597,936)
Total Receipts	**13,050,757,622**	**6,404,017,091**	**6,646,740,531**
Payments			
Compensation of Employees	2,881,599,215	3,154,347,463	(272,748,248)
Use of Goods and Services	841,179,722	819,772,646	21,407,076
Subsidies	0	1,508,066	(1,508,066)
Transfers to other Government Units	323,628,060	642,754,197	(319,126,137)
Other Grants and Transfers	1,650,066	320,635,860	(318,985,794)
Social Security Benefits	10,743,471	10,743,471	0
Acquisition of Assets	845,206,524	745,066,524	100,140,000
Other Payments	525,581,168	625,581,168	(100,000,000)
Total Payments	**5,429,588,226**	**6,320,409,395**	**(300,644,879)**

No explanation or reconciliation was provided for the above variances.

1.2. Statement of Assets and Liabilities

Further, the balances reflected in the statement of assets and liabilities as at 30 June 2018 differs with the IFMIS report as summarized below:

Item	Balance as per IFMIS Report Kshs.	Balances as per Financial Statements Kshs.	Variance Kshs.
Accounts Payables - Deposits	11,880,989,769.95	-57,191,216.00	11,938,180,985.95
Accounts Receivables - Outstanding Imprest and Clearance Accounts	299,677,074.85	124,409,744.00	175,267,330.85
Bank Balances	-7,576,244,299.70	1,390,216,339.00	-8,966,460,638.70

Item	Balance as per IFMIS Report Kshs.	Balances as per Financial Statements Kshs.	Variance Kshs.
Cash Balances	42,347,952,929.55	0.00	42,347,952,929.55
Fund Balance Brought Forward	15,595,477,231.15	1,373,827,170.00	14,221,650,061.15
Surplus/deficit for the Year	7,621,169,397.55	83,607,698.00	7,537,561,699.55

No satisfactory explanations or reconciliations were provided for the above variances.

Consequently, the accuracy and completeness of the balances reflected in the financial statements for the year ended 30 June 2018 could not be confirmed.

2. Presentation of the Other Information

The financial statements submitted for audit review did not include information on establishment of other County Government entities and progress on follow up of Auditor-General's recommendations as required in the format prescribed by the Public Sector Accounting Standards Board (PSASB). No explanation has been provided for these omissions.

3. Summary of Fixed Asset Register

Annex 5 – Summary of fixed asset register attached to these financial statements reflects fixed assets balance of Kshs.303,903,996 as at 30 June 2018 compared to a balance of Kshs.89,019,839 as at 30 June 2017, indicating additions of Kshs.214,884,157 during the year under review. However, the County Executive did not provide an updated fixed assets register. Further, the financial statements for the year ended 30 June 2018 excluded the opening balances for assets and liabilities inherited from the defunct Local authorities in Nyeri County.

Consequently, the accuracy and completeness of the fixed assets balance of Kshs.303,903,996 could not be ascertained.

1. Pending bills

Annex 2 - analysis of pending accounts payables to the financial statements reflects pending bills balance of Kshs.360,493,767.63 as at 30 June 2018 (financial year 2016/2017- Kshs.712,444,170). The management did not provide details on how the 2016/2017 bills were paid and accounted for in these financial statements. In addition, pending bills inherited by Nyeri County Government from the defunct local authorities amounting to Kshs.592,807,561 were not included in these financial statements. Consequently, the accuracy and completeness of the pending accounts payable of Kshs.360,493,767.63 as at 30 June 2018 could not be confirmed.

Had the pending bills of Kshs.360,493,767.63 as at 30 June 2018 been paid and the expenditure charged to the accounts for the year under review, the statement of receipts and payments for the year ended 30 June, 2018 would have reflected a deficit of Kshs.276,886,070 instead of the surplus of Kshs.83,607,698 now shown. It is evident that the management entered into financial commitments for which no funds were available.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nyeri County Executive in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1 Accounts Receivables - Outstanding Imprests

An audit examination of imprest warrants and imprests register revealed that outstanding imprests included multiple and overdue imprests issued to staffwhich had not been accounted for or surrendered as at 30 June 2018.
Further, regulation 93 of the Public Finance Management (County Government) Regulations, 2015, requires that before issuing temporary imprests, the Accounting Officer should ensure that the applicant has no outstanding imprest and the holder of a temporary imprest shall account or surrender the imprest within seven days after returning to duty station. Consequently, the management was in breach of the law and regulations governing issuance and surrender of imprests.

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Submit Financial Statements for County Funds

Included in Notes 15 and 20 to the financial statements are other capital grants & transfers of Kshs.126,000,000 and other payments of Kshs.100,000,000. These figures in turn includes transfers amounting to Kshs.170,000,000 in respect of three county funds established for specific purpose as follows:

S. No.	Fund Name	Amount transferred in 2017/2018 Kshs.
1	Enterprise Development Fund	30,000,000
2	Elimu Fund	40,000,000
3	Car Loan and Mortgage Fund	100,000,000
	Total	**170,000,000**

However, the County Executive did not prepare and submit the financial statements for Enterprise Development Fund, Elimu Fund and Car Loan and Mortgage Fund for the year ended 30 June 2018 to the Auditor-General for audit. This is contrary to Section 167(3) of the Public Finance Management Act, 2012 which requires the administrator of a county fund to prepare and submit the financial statements in respect of a fund within three months after the end of the financial year, that is on or before 30 September of every year. No reason has been given for the omission.

2. Budget Performance

2.1. Overall Budgeted and Actual Expenditure

An analysis of the County Executive budgeted and actual expenditure for the financial year ended 30 June 2018 is as follows:

Item	Budgeted Amount 2017/2018 Kshs.	Actual Expenditure 2017/2018 Kshs.	% of Total Expenditure
Development Vote	2,489,533,678	1,334,404,165	21%
Recurrent Vote	5,471,474,383	4,985,958,656	79%
Total	**7,961,008,061**	**6,320,362,821**	100%

The above budget performance shows that the County Executive spent Kshs.1,334,404,165 or approximately 21% of the actual total expenditure on development items while an amount of Kshs.4,985,958,656 or approximately 79% was on recurrent items. The management therefore did not comply with Section 107 (2) b of the Public Finance Management Act, 2012 which requires that a minimum of thirty (30) percent of the County Executive budget be allocated to development expenditure.

2.2. Under/Over Expenditure on Heads/Items

A comparison of the actual expenditure and budgeted amounts revealed the following:

Item	Budget Amount 2017/2018 Kshs.	Actual Expenditure 2017/2018 Kshs.	Over Kshs.	Under Kshs.
Compensation of Employees	3,258,382,730	3,154,347,463		104,035,267
Use of Goods and Services	1,553,528,149	819,772,646		733,755,503
Subsidies	1,800,000	1,508,066		291,934
Transfers to Other Government Entities	737,760,445	642,754,197		95,006,248
Other Grants and Transfers	325,429,931	320,635,860		4,794,071
Social Security Benefits	64,092,628	10,743,471		53,349,157
Acquisition of Assets	1,400,701,499	745,066,524		655,634,975
Other Payments	619,412,680	625,581,167	6,168,487	
Total	**7,961,108,062**	**6,320,409,394**	**6,168,487**	**1,646,867,155**

The above table shows that the County Executive underspent on all items except other payments that had an over expenditure of Kshs.6,168,487 or 1% of the approved budget allocation. The total under-expenditure of Kshs.1,646,867,155 means that planned development programmes were not fully implemented impacting negatively on service delivery to the residents of Nyeri County.
Further, the expenditure of Kshs.3,154,347,463 on compensation of employees represents 50% of the total expenditure of Kshs.6,320,409,394 for the year ended 30 June 2018. The expenditure exceeded the set limit of 35% under regulations 25(1) (b) of the Public Finance Management (County Regulations), 2015 which provides that county government expenditure on wages and benefits for public officers should not exceed 35% of the county total revenue. This may affect service delivery and other development programmes in the County if no measures are taken to contain the high wage bill.

2.3. Revenue Budget Performance

The statement of appropriation – recurrent and development combined for the year ended 30 June, 2018 shows that the County Executive realized revenue from local sources (county own generated receipts) of Kshs.760,186,651 against an estimated budget of Kshs.1,000,000,000, resulting in an under collection of Kshs.239,813,349 or 24% of the budget.

Further analysis of revenue from local sources for last four financial years is as follows:

Year	Budgeted Amount Kshs.	Actual Collection Kshs.	Over/(under) collection Kshs.	% Actual/ Budget	% Revenue Growth
2014/2015	1,373,747,900	842,707,972	(531,039,928)	61%	-
2015/2016	1,082,000,000	809,313,486	(272,686,514)	75%	-4%
2016/2017	1,095,101,000	643,139,153	(451,961,847)	59%	-26%
2017/2018	1,000,000,000	760,186,651	(239,813,349)	76%	18%
Total	**4,550,848,900**	**3,055,347,262**	**(1,495,501,638)**	**67%**	

The table above therefore indicate that the County Executive realized revenue under collection against budget over the years, despite reduction in revenue targets. Further, out of the fifty-seven revenue streams, the County missed its revenue targets in forty-four revenue streams and only managed to surpass the target in thirteen revenue streams during the year under review. This is an indication of revenue leakages and inadequate control measures by the County Executive management which need to be addressed.

3. Delay in Implementation of Street Lighting Project

Disclosed in Note 17 to the financial statements under acquisition of assets is an expenditure of Kshs.199,344,881 on construction of roads. Included in the expenditure is an amount of Kshs.44,608,300 for installation of street lights. However, physical verification carried out in December, 2018 revealed that five projects had not been implemented despite the County Executive having paid a total of Kshs.7,447,000 to Kenya Power and Lighting Company to implement the street lighting projects as follows:

	Project Name/Location	Contract Value Kshs.
1	Othaya Road-Ciara-ini	1,350,000
2	Kimathi Road to Blue Valley	1,370,000
3	Kiambara market	1,450,000
4	PG Murithi-Thunguma Road	2,580,000
5	Extension Othaya Gitandara Road	697,000
	Total	**7,447,000**

No evidence was provided to show when the installation of the street lighting would commence. Further, the management did not give justification for the delay and measures being taken to ensure that the projects were completed as planned. Consequently, it has not been possible to confirm that the County obtained value for money in respect of the payments of Kshs.7,447,000 for the projects during the year ended 30 June 2018.

4. Abandoned Project- Kirimukuyu Footbridge

The expenditure figure of Kshs.199,344,881 on construction of roads also includes an amount of Kshs.1,492,020 being payment for construction of Kirimukuyu Footbridge. A contract for construction of Kirimukuyu Footbridge was signed between the County Executive and a local firm on 1 March 2018 for a contract sum of Kshs.6,787,526.90 and the works were to commence immediately. However, the signed contract agreement did not specify contract duration and expected completion date.

Site verification carried out in December 2018 revealed that only pillars were erected and thereafter the bridge was abandoned by the contractor. The management did not indicate measures put in place to compel the contractor to complete the works. As a result of the incomplete works, the County may not realize value for money on the funds spent so far on this project.

5. Delayed Completion of Titie Water Treatment Plant

Disclosed also in Note 17 to the financial statements under acquisition of assets is an expenditure of Kshs.230,361,046.35 relating to construction and civil works, which includes an amount of Kshs.2,867,416 paid to a Construction company for completion of construction of Titie water treatment plant in Tetu sub-county. The amount was in addition to Kshs.1,987,660 paid in 2016/2017 financial year, thus totalling Kshs.4,855,076 so far paid to the Contractor for the project.

The total contract sum was agreed at Kshs.12,477,690.80 and the project was to take six months from 7 March 2017. However, as of November 2018, about twenty-one months after the contract agreement was signed, the construction works had not been completed and handed over to the County Government. No explanation was provided for failure by the contractor to complete the project within the agreed contract period.

6. Expired Drugs

Physical inspection of health facilities in the County undertaken in December 2018 revealed expired drugs worth Kshs.15,204,884 and non-pharmaceuticals items worth Kshs.771,143, respectively in thirty-one health facilities. It was not explained why the drugs were procured beyond the required levels leading to expiration and loss of public funds.

7. Failure to Achieve 30% Ethnic Diversity in Recruitment Process

A review of human resource records revealed that, during the year under review, the County Executive recruited one hundred and eighty-five staff and all of them came from one dominant community in the County. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 and Section 65 (e) of the County Government Act, 2012 which requires that at least 30% of the employees should be from other ethnic communities.

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 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 governance were not effective.

Basis for Conclusion

1. Lack of Audit Committee

As reported in the previous year, the County Executive had not similarly during the year under review put in place an audit committee as provided for under regulation 167(1) of the Public Finance Management (County Government) Regulations, 2015. This exposed the County to financial risks as the necessary mechanisms in terms of audit and risk mitigation structures were not in place as required under the regulations.

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the County Executive`s 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive`s ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

However, future events or conditions may cause the County Executive to cease sustaining its services.

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

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

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

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

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

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

Nairobi

18 February 2018

4. FINANCIAL STATEMENTS

4.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2017/2018	2016/2017
	Note	Kshs	Kshs
RECEIPTS			
Exchequer releases	1	4,952,800,000	4,800,764,767
Proceeds from Domestic and Foreign Grants	2	70,761,342	11,465,000
Transfers from Other Government Entities	3	620,269,098	763,809,866
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	760,186,651	643,139,153
Returned CRF issues	10	-	-
TOTAL RECEIPTS		**6,404,017,091**	**6,219,178,786**
PAYMENTS			
Compensation of Employees	11	3,154,347,463	2,700,776,163
Use of goods and services	12	819,772,646	933,449,220
Subsidies	13	1,508,066	1,861,363
Transfers to Other Government Units	14	642,754,197	1,026,677,659
Other grants and transfers	15	320,635,860	-
Social Security Benefits	16	10,743,471	59,127,034
Acquisition of Assets	17	745,066,524	915,032,638
Finance Costs, including Loan Interest	18		-
Repayment of principal on Domestic and Foreign borrowing	19		-
Other Payments	20	625,581,168	93,309,027
TOTAL PAYMENTS		**6,320,409,393**	**5,730,233,104**
SURPLUS/DEFICIT		**83,607,698**	**488,945,682**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ____//2018 and signed by:

Chief Officer – Finance
Name: EUSTACE M KING'ORI
ICPAK NO 15953

Head of Treasury Accounting
Name: EUNICE MWANGI
ICPAK M/NO. 6203

4.2. STATEMENT OF ASSETS AND LIABILITIES

		2017/2018	2016/2017
FINANCIAL ASSETS	**Note**	**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	21A	1,390,216,339	1,360,082,151
Cash Balances	21B	-	-
Total Cash and cash equivalents		**1,390,216,339**	**1,360,082,151**
Accounts receivables – Outstanding Imprests	22	124,409,744	13,745,019
TOTAL FINANCIAL ASSETS		**1,514,626,083**	**1,373,827,170**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	(57,191,216)	(47,517,263)
NET FINANCIAL ASSETS		**1,457,434,867**	**1,326,309,907**
REPRESENTED BY			
Fund balance b/forward	**24**	**1,373,827,170**	**837,364,225**
Prior year adjustments	**25**	**-**	**-**
Surplus/Deficit for the year		**83,607,698**	**488,945,682**
NET FINANCIAL POSITION		**1,457,434,868**	**1,326,309,907**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ___/___/2018 and signed by:

Chief Officer
Name: EUSTACE M KINGʼORI
ICPAK No. 15953

Head of Treasury
Name: EUNICE MWANGI
ICPAK Member Number: 6203

4.3. STATEMENT OF CASHFLOWS

	Notes	2017-2018 KShs	2016 - 2017 KShs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Exchequer releases	1	4,952,800,000.00	4,800,764,767.00
Proceeds from Domestic and Foreign Grants	2	70,761,342.00	11,465,000.00
Transfers from Other Government Entities	3	620,269,098.00	763,809,866.25
Proceeds from Foreign Borrowings		-	
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	760,186,651.00	643,139,153.00
Returned CRF issues	10	-	-
		6,404,017,091.00	**6,219,178,786.25**
Payments for operating expenses			
Compensation of Employees	11	3,154,347,462.55	2,700,776,163.35
Use of goods and services	12	819,772,645.80	933,449,219.75
Subsidies	13	1,508,066.00	-
Transfers to Other Government Units	14	642,754,197.00	1,026,677,659.00
Other grants and transfers	15	320,635,860.05	1,861,363.00
Social Security Benefits	16	10,743,470.70	59,127,034.00
Finance Costs, including Loan Interest	18	-	-
Other Payments	20	625,581,167.60	93,309,027.20
		5,575,342,870.00	**4,815,200,466**
Adjusted for:			
Changes in receivables		(63,147,517.00)	49,844,620.20
Changes in payables		9,673,953.00	11,001,689.00
Total Adjustments		-	-
Net cash flows from operating activities		**775,200,658**	**1,464,824,629**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	745,066,524	915,032,638
Net cash flows from investing activities		**745,066,524**	**915,032,638**
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**30,134,134**	**549,791,991**

Cash and cash equivalent at BEGINNING of the year	**21**	**1,360,082,206**	**810,290,215**
Cash and cash equivalent at END of the year	**24**	**1,390,216,340**	**1,360,082,206**
As per statement of assets		**1,390,216,339**	**1,360,082,151**
Control		***0***	***55***

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ___/___/2018 and signed by:

Chief Officer
Name: Eustace mkangi
ICPAK -No 15953

Head of Treasury
Name: EUNICE MWANGI
ICPAK Member Number 6203

4.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Exchequer releases	4,952,800,000	-	4,952,800,000	4,952,800,000	-	100%
Proceeds from Domestic and Foreign Grants	82,761,342	-	82,761,342	70,761,342	12,000,000	86%
Transfers from Other Government Entities	620,269,098	-	620,269,098	620,269,098	-	100%
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
County Own Generated Receipts	1,000,000,000	-	1,000,000,000	760,186,651	239,813,349	76%
Returned CRF issues	-	-	-	-	-	-
TOTAL	**6,655,830,440**	-	**6,655,830,440**	**6,404,017,091**	**251,813,349**	**96%**
Compensation of Employees	1,335,500,372.00	1,922,882,358.00	3,258,382,730.00	3,154,347,463.00	104,035,267.00	97%
Use of goods and services	659,960,004.00	893,568,145.00	1,553,528,149.00	819,772,646.00	733,755,503.00	53%
Subsidies	1,350,000.00	450,000.00	1,800,000.00	1,508,066.00	291,934.00	84%
COUNT ASSEMBLY	545,111,431.50	192,649.013.00	737.760.444.50	642,754,197.00	95,006,247 50	87%
Other grants n tranfer	208,694,543.00	116,735,388.00	325,429,931.00	320,635,860.00	4,794,071.00	99%
Social Security Benefits	32,046,314.00	32,046,314.00	64,092,628.00	10,743,471.00	53,349,157.00	17%
Acquisition of Assets	658,270,978.00	742,430,521.00	1,400,701,499.00	745,066,524.00	655,634,975	53%
Finance Costs, including Loan Interest	-	-	-	-	-	

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Payments	156,648,270.00	462,764,409.50	619,412,680.00	625,581,167.35	-6,168,487	101%
Totals	**3,597,581,912.50**	**4,363,526,148.50**	**7,961,108,061.00**	**6,320,409,394.35**	**164,698,666.65**	**79%**

The entity financial statements were approved on ___/____/2018 and signed by:

Chief Officer
Name: JOHN NGUGI
ICPAK Member Number 2613

Head of Treasury Accounts
Name: EUSTACE M KINGORI
15953

4.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,693,684,174	-	2,693,684,174	2,693,684,174	-	100%
Proceeds from Domestic and Foreign Grants	41,911,053	-	41,911,053	29,911,053	12,000,000	71%
Transfers from Other Government Entities	430,701,534	-	430,701,534	464,420,783	(33,719,249)	108%
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
County Own Generated Receipts	1,000,000,000	-	1,000,000,000	760,186,651	239,813,349	76%
Returned CRF issues	-	-	-	-	-	-
TOTAL RECEIPTS	**4,166,296,761**	-	**4,166,296,761**	**3,948,202,661**	**218,094,100**	**95%**
rec						
Compensation of Employees	1,335,500,372.00	1,922,882,358.00	3,258,382,730.00	3,154,347,463.00	104,035,267.00	97%
Use of goods and services	486,769,312.00	511,480,868.00	998,250,180.00	709,010,987.00	289,239,193.00	71%
Subsidies	1,350,000.00	450,000.00	1,800,000.00	1,508,066.00	291,934.00	84%
Transfers to Other Government Units (County Assembly)	461,735,008.50	214,272,590.00	676,007,598.50	637,763,454.00	38,244,144.50	94%
Other grants and transfers	126,886,682.00	148,543,249.00	275,429,931.00	270,635,860.00	4,794,071.00	98%
Social Security Benefits	32,046,314.00	32,046,314.00	64,092,628.00	10,743,471.00	53,349,157.00	17%
Acquisition of Assets	15,465,500.00	43,742,714.00	59,208,214.00	48,361,165.00	10,847,049.00	82%
Finance Costs, including Loan Interest			-		-	
Other Payments with budget reserve	26,648,270.00	111,754,831.50	138,403,102.00	153,588,190.35	58,166,641.15	111%

Receipt/Expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
actual	**2,486,401,458.50**	**2,985,172,924.50**	**5,471,574,383.00**	**4,985,958,656.35**	**485,615,726.65**	**91%**

Payment on domestic lending has been classified under note number 20 on other payment resulting to a higher % of more than 100%

The entity financial statements were approved on ___/____/2018 and signed by:

Chief Officer
Name: JOHN NGUGI
2613

Head of Treasury Accounts
Name:
ICPAK Member Number
15953

4.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,259,115,826	-	2,259,115,826	2,259,115,826	-	100%
Proceeds from Domestic and Foreign Grants	40,850,289	-	40,850,289	40,850,289	-	100%
Transfers from Other Government Entities	189,567,564	-	189,567,564	155,848,315	33,719,249	82%
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-		-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
County Own Generated Receipts	-	-	-	-	-	-
Returned CRF issues	-	-	-	-	-	-
TOTAL	**2,489,533,679**	-	**2,489,533,679**	**2,455,814,430**	**33,719,249**	**99%**
Compensation of Employees	-	-	-	-	-	
Use of goods and services	173,190,692.00	382,087,277.00	555,277,969.00	110,711,659.00	444,566,310.00	20%
Subsidies						
COUNT ASSEMBLY	83,376,423.00	(21,623,577.00)	61,752,846.00	4,994,170.00	56,758,676.00	8%
Other grants n transfer	81,807,861.00	(31,807,861.00)	50,000,000.00	50,000,000.00		100%
Social Security Benefits						
Acquisition of Assets	642,805,478.00	698,687,807.00	1,341,493,285.00	696,705,359.00	644,787,926	52%
Finance Costs, including Loan Interest						

Receipt/Expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Other Payments	130,000,000.00	351,009,578.00	481,009,578.00	471,992,977.00	9,016,601.00	98%
	1,111,180,454.00	1,378,353,224.00	2,489,533,678.00	1,334.404,165.00	115,5512,513	54%

The entity financial statements were approved on ___/____/2018 and signed by:

Chief Officer
Name: JOHN NGUGI
2613

Head of Treasury Accounts
Name:
ICPAK Member Number:
15953

4.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		**Default - Non Programmatic**	**0**	**598,000.00**	**-598,000.00**
	0	Default - Non Programmatic	0	598,000.00	-598,000.00
101000000		**Land Policy and Planning**	**0**	**0**	**0**
	101010000	Development Planning and Land Reforms	0	0	0
102000000		**Housing Development and Human Settlement**	**584,154,772.00**	**427,267,108.55**	**156,887,663.45**
	102010000	Housing Development	542,636,957.00	412,819,409.80	129,817,547.20
	102020000	Estate Management	41,517,815.00	14,447,698.75	27,070,116.25
103000000			**7,305,238.00**	**3,640,470.05**	**3,664,767.95**
	103030000		7,305,238.00	3,640,470.05	3,664,767.95
104000000			**21,297,800.00**	**11,064,662.40**	**10,233,137.60**
	104020000		21,297,800.00	11,064,662.40	10,233,137.60
105000000		**Urban and Metropolitan Development**	**23,907,894.00**	**11,464,307.40**	**12,443,586.60**
	105010000	Urban Mobility and Transport	0	0	0
	105020000	Metropolitan Planning & Infrastructure Development	23,907,894.00	11,464,307.40	12,443,586.60
106000000		**General Administration Planning and Support Services**	**17,102,458.00**	**579,350.65**	**16,523,107.35**
	106020000	Procurement, Warehousing and Supply	17,102,458.00	579,350.65	16,523,107.35
107000000		**General Administration Planning and Support Services**	**17,722,680.00**	**13,134,239.55**	**4,588,440.45**
	107010000	Agricultural Policy, Legal and Regulatory Frameworks	17,722,680.00	13,134,239.55	4,588,440.45
108000000		**Crop Development and Management**	**28,825,217.00**	**19,217,726.80**	**9,607,490.20**
	108010000	Land and Crops Development	28,825,217.00	19,217,726.80	9,607,490.20
110000000		**Irrigation and Drainage Infrastructure**	**0**	**0**	**0**
	110010000	Promotion of Irrigation and Drainage Development and Management	0	0	0
111000000		**Fisheries Development and Management**	**39,476,682.00**	**26,735,531.40**	**12,741,150.60**
	111010000	Fisheries Policy, Strategy and capacity building	39,476,682.00	26,735,531.40	12,741,150.60
114000000			**59,673,770.00**	**13,543,078.70**	**46,130,691.30**
	114010000		59,673,770.00	13,543,078.70	46,130,691.30
115000000			**7,045,000.00**	**3,369,142.40**	**3,675,857.60**
	115010000		7,045,000.00	3,369,142.40	3,675,857.60

	115020000		0	0	0
116000000			**591,040,515.00**	**231,853,141.85**	**359,187,373.15**
	116010000		591,040,515.00	231,853,141.85	359,187,373.15
	116020000		0	0	0
201000000		**General Administration, Planning and Support Services**	**65,020,183.00**	**46,677,292.85**	**18,342,890.15**
	201010000	General Administration, Planning and Support Services	61,920,183.00	44,069,880.55	17,850,302.45
	201040000	Information Communications Services	3,100,000.00	2,607,412.30	492,587.70
203000000		**Rail Transport**	**182,727,509.00**	**138,269,809.60**	**44,457,699.40**
	203010000	Rail Transport	182,727,509.00	138,269,809.60	44,457,699.40
301000000		**General Administration Planning and Support Services**	**41,725,424.00**	**22,387,735.00**	**19,337,689.00**
	301010000		41,725,424.00	22,387,735.00	19,337,689.00
306000000		**Tourism Development and Promotion**	**38,971,077.00**	**20,308,021.40**	**18,663,055.60**
	306010000	Tourism Promotion and Marketing	38,971,077.00	20,308,021.40	18,663,055.60
308000000		**General Administration, Planning and Support Services**	**78,278,772.00**	**34,856,086.90**	**43,422,685.10**
	308010000	General administration planning and support services	78,278,772.00	34,856,086.90	43,422,685.10
312000000			**4,200,000.00**	**926,000.00**	**3,274,000.00**
	312010000		4,200,000.00	926,000.00	3,274,000.00
313000000			**271,508,393.00**	**245,381,577.05**	**26,126,815.95**
	313010000		271,508,393.00	245,381,577.05	26,126,815.95
401000000		**Preventive &Promotive Health Services**	**2,668,582,399.00**	**2,439,041,039.75**	**229,541,359.25**
	401020000	Health Promotion	0	0	0
	401030000	Non-communicable Disease Prevention & Control	2,444,784,183.00	2,225,422,304.55	219,361,878.45
	401040000	Government Chemist	223,798,216.00	213,618,735.20	10,179,480.80
501000000		**Primary Education**	**266,383,359.00**	**133,622,865.85**	**132,760,493.15**
	501010000	Free Primary Education	2,077,000.00	1,199,500.00	877,500.00
	501020000	Special Needs Education	264,306,359.00	132,423,365.85	131,882,993.15
	501030000	Alternative provision of Basic Education	0	0	0
503000000		**Quality Assurance and Standards**	**3,015,000.00**	**2,140,775.00**	**874,225.00**
	503030000	Co-Curriculum Activities	0	0	0
	503040000		3,015,000.00	2,140,775.00	874,225.00
504000000		**University Education**	**2,830,500.00**	**1,326,920.00**	**1,503,580.00**
	504020000	Quality Assurance and Standards	2,830,500.00	1,326,920.00	1,503,580.00
701000000		**General Administration Planning and Support Services**	**174,561,768.00**	**114,378,283.60**	**60,183,484.40**

	701010000		174,561,768.00	114,378,283.60	60,183,484.40
702000000		**Cabinet Affairs**	**299,387,327.00**	**237,218,316.35**	**62,169,010.65**
	702010000		299,387,327.00	237,218,316.35	62,169,010.65
703000000		**Government Advisory Services**	**910,188,211.00**	**704,116,904.35**	**206,071,306.65**
	703010000	State Corporations Advisory Services	910,188,211.00	704,116,904.35	206,071,306.65
704000000		**State House Affairs**	**0**	**0**	**0**
710000000		**Public Service Transformation**	**706,007,599.00**	**646,916,630.95**	**59,090,968.05**
	710010000	Human Resource Management	706,007,599.00	646,916,630.95	59,090,968.05
716000000			**197,442,769.00**	**150,478,756.55**	**46,964,012.45**
	716010000	International Trade	197,442,769.00	150,478,756.55	46,964,012.45
717000000			**37,301,255.00**	**30,041,566.80**	**7,259,688.20**
	717010000	Adminstration Services	37,301,255.00	30,041,566.80	7,259,688.20
718000000		**Public Financial Management**	**45,095,897.00**	**20,633,546.15**	**24,462,350.85**
	718010000	Resource Mobilization	18,868,743.00	9,109,000.40	9,759,742.60
	718020000	Budget Formulation Coordination and Management	13,390,000.00	5,430,346.75	7,959,653.25
	718030000	Audit Services	12,837,154.00	6,094,199.00	6,742,955.00
719000000		**Economic and Financial Policy Formulation and Management**	**26,975,000.00**	**14,330,131.00**	**12,644,869.00**
	719010000	Fiscal Policy Formulation, Development and Management	0	0	0
	719020000	Debt Management	26,975,000.00	14,330,131.00	12.644,869.00
901000000		**Sports**	**105,749,436.00**	**56,974,804.40**	**48,774,631.60**
	901010000	Sports Training and competitions	105,749,436.00	56,974,804.40	48,774,631.60
905000000		**General Administration, Planning and Support Services**	**53,316,031.00**	**9,290,732.00**	**44,025,299.00**
	905010000	General Administration, Planning and Support Services	53,316,031.00	9,290,732.00	44,025,299.00
1001000000		**General Administration, Planning and Support Services**	**376,894,738.00**	**210,826,215.95**	**166,068,522.05**
	1001010000	Environmental Policy Management	376,894,738.00	210,826,215.95	166,068,522.05
1007000000		**General Administration Planning and Support Services**	**7,393,391.00**	**5,344,866.70**	**2,048,524.30**
	1007010000	Mining Policy Development and Coordination	7,393,391.00	5,344,866.70	2,048,524.30
Grand Total			**7,961,108,064.00**	**6,047,955,637.95**	**1,913,152,426.05**

4.8. 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 entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Reporting entity

The financial statements are for the Nyeri County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Government 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 recipient entity or by 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 entity 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 2018, 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 entity 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 each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the *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 *Nyeri county government* 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 2018, this amounted to KShs57,191,216.10 compared to KShs47,517,262.85 in prior period as indicated on note 23.

There were no other restrictions on cash during the year.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

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 *Nyeri county government* 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 *Nyeri county government's* 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 by 30th June 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There were two supplementary budgets passed in the financial year under review.A high-level assessment of the *entity's* 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.

4.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2017 - 2018	2016 – 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	-	785,054,866.50
Total Exchequer Releases for quarter 2	577,151,537.00	759,108,845.50
Total Exchequer Releases for quarter 3	1,924,012,464.00	1,202,133,388.50
Total Exchequer Releases for quarter 4	2,451,635,999.00	2,054,467,666.50
Total	**4,952,800,000.00**	**4,800,764,767.00**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 - 2018	2016 – 2017
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
DANIDA			19,911,053.00	11,465,000.00
Kenya Devolution support program(KDSP)			40,850,289.00	0.00
Universal Healthcare project (World bank)			10,000,000.00	0.00
Total			**70,761,342.00**	**11,465,000.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017–2018 KShs	2016–2017 KShs
Transfers from Central government entities		
Free maternity healthcare	-	60,515,000.00
Financing for level 5 hospitals	407,861,272.00	388,439,306.00
Ministry of Roads - RMLF	155,848,314.00	14,347,664.00
Abolishment of user fees in health centers and dispensaries	14,347,664.00	-
Doctors, Nurses, Clinical Officers and Other Health Staff Allowances	-	141,861,000.00
transfers from the county assembly to the crf account	-	53,154,609.05
Rehabilitation of class C roads(RMFL)	-	73,763,720.00
national treasury	-	-
REMITTANCE OF TEA CESS FUNDS	-	31,728,567.20
Development of Youth polytechnic	42,211,848.00	-
Total	**620,269,098.00**	**763,809,866.00**

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2017–2018 KShs	2016–2017 KShs
Borrowing within General Government		
Borrowing from Monetary Authorities (Central Bank)		
Other Domestic Depository Corporations (Commercial Banks)		
Borrowing from Other Domestic Financial Institutions		
Borrowing from Other Domestic Creditors		
Domestic Currency and Domestic Deposits		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

	2017- 2018 KShs	2016 - 2017 KShs
Kenya Devolution support program(KDSP)	-	-
Universal healthcare project	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

6. PROCEEDS FROM SALE OF ASSETS

	2017- 2018 KShs	2016- 2017 KShs
Receipts from the Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

7. REIMBURSEMENTS AND REFUNDS

	2017- 2018 KShs	2016 - 2017 KShs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals&Private Organizations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organizations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

	2017 - 2018 KShs	2016 - 2017 KShs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

9. COUNTY OWN GENERATED RECEIPTS

	2017- 2018 KShs	2016– 2017 KShs
Interest Received	0.00	0.00
Rental Income	16,592,207.00	15,515,977
Other Property Income	0.00	0.00
Receipts from Administrative Fees and Charges	30,953,248.00	27,001,999
Receipts from sale of agricultural goods	5,904,324.00	3.826,580
Receipts from Sales by Non-Market Establishments	0.00	0.00
Receipts from Sale of Incidental Goods	0.00	0.00
Business Permits	102,928,254.00	91,909,005
Liquor Licences	42,955,352.00	35,525,227
Cess	29,721,512.00	31,862,380
Sign Boards and Advertising fees	21,245,473.00	13,419,707
Poll Rates	0.00	0.00
Land/Plot Rents	68,328,485.00	59,824,915
Other Local Levies	0.00	3,948,185
Receipts from Royalties	0.00	0.00
Insurance claims recovery	0.00	0.00
Donations	0.00	0.00
Sales Of Council Assets	0.00	0.00
Fund raising events	0.00	0.00
Other Miscellaneous Revenues	975,728.00	1,219,790
Other revenues from financial assets loans	-	-
Market/Trade Centre fees	35,080,559.00	33,191,634

Vehicle Parking Fees	89,806,635.00	92,582,070
Social Premise Use Charges	2,772,795.00	460,300
School Fees	612,000.00	669,080
Other Education Related Fees	0.00	0.00
Public Health services	31,411,327.00	24,771,205
Public Health Facilities Operations	266,770,923.00	198,329,811
Environment and Conservancy Administration	0.00	0.00
Slaughter Houses Administration	8,747,024.00	4,133,616
Water Supply Administration	0.00	0.00
External Service Fees	0.00	0.00
Fines, Penalties and Forfeitures	3,267,105.00	1,118,640
Receipts from Voluntary transfers other than grants	0.00	0.00
Other Receipts Not Classified Elsewhere	2,113,700.00	3,829,032
Social Premises Use Charges	0.00	0.00
School Fees	0.00	0.00
Other Education-Related Fees	0.00	0.00
Other Education Receipts	0 00	0.00
Public Health Services	0.00	0.00
Public Health Facilities Operations	0.00	0.00
Environment & Conservancy Administration	0.00	0.00
Slaughter Houses Administration	0.00	0.00
Water Supply Administration	0.00	0.00
Sewerage Administration	0.00	0.00
Other Health & Sanitation Revenues	0.00	0.00
Technical Services Fees	0.00	0.00
External Services Fees	0.00	0.00
TOTAL	**760,186,651.00**	**643,139,153.00**

10. RETURNED CRF ISSUES

	2017 - 2018 KShs	2016 - 2017 KShs
Recurrent account		
Development account		
Deposit account		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2017 - 2018 KShs	2016 - 2017 KShs
Basic salaries of permanent employees	2,632,790,809.00	1,632,208,977.40
Basic wages of temporary employees	50,030,677.05	91,495,505.95
Personal allowances paid as part of salary	131,763,844.30	928,224,273.00
Personal allowances paid as reimbursements	1,027,350.45	715,250.00
Personal allowances provided in kind		-
Pension and other social security contributions		-
Compulsory national social security schemes	62,230,042.30	48,132,157.00
Compulsory national health insurance schemes		-
Social benefit schemes outside government	-	-
Other personnel payments	276,504,739.45	-
Total	**3,154,347,462.55**	**2,700,776,163.00**

12. USE OF GOODS AND SERVICES

	2017/2018 KShs	2016/2017 KShs
Utilities, supplies and services	65,408,921.40	89,759,679.20
Communication, supplies and services	12,513,987.20	10,804,557.85
Domestic travel and subsistence	72,155,398.00	111,336,195.00
Foreign travel and subsistence	6,937,269.80	16,001,550.00
Printing, advertising and information supplies & services	26,531,688.00	32,916,292.60
Rentals of produced assets	8,742,678.00	11,528,601.00
Training expenses	29,502,881.70	22,281,019.00
Hospitality supplies and services	45,095,514.00	63,615,504.00
Insurance costs	128,761,002.00	122,969,356.00
Specialized materials and services	252,418,102.75	319,456,349.00
Office and general supplies and services	19,676,411.00	23,757,325.15
Other operating expenses	39,024,269.25	24,207,026.95
Routine maintenance – vehicles and other transport equipment	20,761,072.75	18,773,641.00
Fuel Oil and Lubricants	45,129,984.95	43,256,752.00
Routine maintenance – other assets	47,113,465.00	22,785,371.00
Total	**819,772,645.80**	**933,449,220.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency*	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2017 – 2018	2016 – 2017
				KShs	KShs
County revenue account (CRF)		Revenue		1,191,198,431.70	994,447,397.25
Nyeri county Recurrent Account		Recurrent		30,568.90	206,495,861.30
Nyeri county development account		Development		13,141,545.60	62,325,942.15
Kenya Roads Board				116,911,364.00	-
Special Purpose Account(Health)				10,585,712.00	-
KCB Revenue Account 1140760319		Revenue		437,469.00	-
Cooperative bank imprest account 01141511315000		Deposit		57,191,216.10	47,517,262.85
Land rates Equity bank 0110264079376		Revenue		1,184.00	4,712,208.00
Equity revenue 011026191234		Revenue		66,213.01	6,251,659.70
Mt Kenya hospital coop 0114166679		Revenue		-	864,901
Health sector revenue kcb 1177001608		Revenue		288,890.00	38,331,820.00
Cooperative Revenue Account 01141666594400		Revenue		363,745.00	-
Total				**1,390,216,339**	**1,360,082,151.25**

21B. CASH IN HAND

	2017 – 2018	2016 – 2017
	KShs	KShs
Cash in Hand – Held in domestic currency		
Cash in Hand – Held in foreign currency		
Total		

Cash in hand should also be analysed as follows:

	2017 – 2018	2016 – 2017
	KShs	KShs
Location 1		
Location 2		
Location 3		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2017 - 2018 KShs	2016 - 2017 KShs
Government Imprests	124,409,744	13,745,018.80
Clearance accounts	-	-
Total	**124,409,744**	**13,745,019.00**

23. ACCOUNTS PAYABLE

	2017 – 2018 KShs	2016 – 2017 KShs
Cooperative Bank Imprest Account 01141511315000	57,191,216.10	47,517,262.85
Total	**57,191,216.10**	**47,517,262.85**

24. FUND BALANCE BROUGHT FORWARD

	2017 – 2018 KShs	2016 – 2017 KShs
Bank accounts	1,360,082,151.25	810,290,215
Cash in hand	-	-
Receivables - Outstanding Imprests	13,745,018.80	63,589,639
Payables – Deposits	-	-
Total	**1,373,827,170**	**873,879,854**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

Description of the error	2017 – 2018 KShs	2016 – 2017 KShs
Adjustments on bank account balances		
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables		
Others (*specify*)		

4.10. 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

	2017- 2018 Kshs	2016- 2017 Kshs
Key Management Compensation(Governors, CEC Members and C.Os)		
Transfers to related parties		
Transfer to the County Assembly	642,754,197	603,879,689
Transfers to other County Government Entities		
Transfers to Development Projects		
Transfers to non-reporting entities e.g schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
Total Transfers to related parties		
Transfers from related parties		
Transfers from the Exchequer		
Transfers from MDAs		
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties		

2. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve 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	Location	Accounting Officer responsible
Corporation			
Fund			
Board			
project			
Scheme			

5. ROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

CEC, Finance and Economic Planning Head of County Treasury

Sign.............................

Date.......................................

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Level 5 hospitals allocation	Total Transfers from the National Treasury
Exchequer Releases for quarter 1	-	-	-	-
Exchequer Releases for quarter 2	577,151,537	12,845,841	205,969,942	795,967,320
Exchequer Releases for quarter 3	1,924,012,464	-	-	1,924,012,464
Exchequer Releases for quarter 4	2,451,635,999	7,065,212	201,891,330	2,660,592,541
Total	**4,952,800,000**	**19,911,053**	**407,861,272**	**5,380,572,325**

ANNEX 2–ANALYSIS OF PENDING ACCOUNTS PAYABLE

NAME OF COUNTY: NYERI COUNTY GOVERNMENT

SUMMARY OF PENDING BILLS AS AT 30TH JUNE 2018

DEPARTMENT	RECURRENT	DEVELOPMENT	TOTAL
	Kshs.	Kshs.	Kshs.
Office of the Governor & Deputy Governor	5,145,053.00	1,716,107.00	6,861,160.00
Office of the County Secretary	89,960.00	-	89,960.00
Finance and Economic Planning	21,078,027.35	6,339,300.00	27,417,327.35
Lands, Physical Planning, Housing and Urbanization	2,137,311.00	36,462,699.40	38,600,010.40
Health, Public Health and sanitation	44,355,670.66	150,444,842.00	194,800,512.66
Gender and Social Services	2,979,724.00	6,753,171.00	9,732,895.00
County Public Service, Administration & Youth Affairs	1,406,103.15	6,789,108.00	8,195,211.15
Agriculture, Livestock and Fisheries	5,302,347.65	21,590,952.60	26,893,300.25
Trade, Culture, Tourism & Cooperative Development	1,235,427.00	10,073,158.84	11,308,585.84
Education, Science and Technology	441,810.00	8,411,887.28	8,853,697.28
Water, Environment & Natural resources	1,601,787.00	4,409,311.50	6,011,098.50
County Public Service Board	134,550.00	-	134,550.00
Transport, Public Works & Infrastructure	2,468,398.30	19,127,060.90	21,595,459.20
TOTAL	**88,376,169.11**	**272,117,598.52**	**360,493,767.63**

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land	-	-	-	
Buildings and structures	35,684,005	-	-	35,684,005.00
Transport equipment	2,000,000	69,758,330	-	71,758,330.00
Office equipment, furniture and fittings	8,556,650	7,350,803	-	15,907,453.00
ICT Equipment, Software and Other ICT Assets	-	-	-	
Other Machinery and Equipment	36,779,184	137,605,862.20	-	174,385,046.20
Heritage and cultural assets	-	-	-	
Purchase of household Furniture and institutional Equipment	-	169,162		169,162.00
Intangible assets	-		-	
Total	**89,019,839**	**214,884,157**	-	**303,903,996.00**

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	County Assembly	**36,928,356**	**120,905,398**	**158,089,728**	**326,830,715**	**642,754,197**	**642,754,197**		
2	Fund								
3	Project								
4	Board								
5	Corporation								
6									
7									
8									
9	**Total**	**36,928,356**	**120,905,398**	**158,089,728**	**326,830,715**	**642,754,197**	**642,754,197**		

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

(NB: This appendix must be agreed and signed by the issuing and receiving party)

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

KENYA ROADS BOARD - KRB

7 **COUNTY GOVERNMENT OF NYERI**
NYERI COUNTY ROADS MAIN. LEVY FUND
ACCOUNT NUMBER 1000252804 **F.o. 30**
REPUBLIC OF KENYA

BANK RECONCILIATION

For the month of JUNE 2018

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				**117,911,364.00**
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)	**1,000,000.00**		
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		-	
4	Receipts in cashbook not yet recorded in bank statement			116,911,364.00

IMPREST ACCOUNT

COUNTY GOVERNMENT OF NYERI
JUNE 2018.

F.o. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

For the month of June 2018.

		Ksh	Ksh	Ksh
Balance as per Bank certificate:				**57,191,216.10**
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)		5,555,629.35	
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		0.00	
	Balance as per Cash book			**51,635,586.75**

DEVELOPMENT ACCOUNT

	COUNTY GOVERNMENT OF NYERI			
	DEVELOPMENT ACCOUNT NUMBER 1000171197			F.O 30
	BANK RECONCILIATION			
For the month of June 2018				
		Ksh	Ksh	Ksh
Balance as per Bank certificate:				13,141,545.60
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			
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			
4	Receipts in cashbook not yet recorded in bank statement			0.00
	Balance as per Cash book			13,141,545.60

	COUNTY GOVERNMENT OF NYERI			
	AUGUST 2017			
	RECURRENT ACCOUNT NUMBER 100017122			**F.o. 30**
	BANK RECONCILIATION			
For the month of AUGUST 2017				
		Ksh	Ksh	Ksh
Balance as per Bank certificate:				**30,568.90**
Less:				
1	Payments in cash book not yet recorded in bank statement (Unpresented cheques)			6,305,570.20
2	Receipts in bank statement not			
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			**(6,275,001.30)**