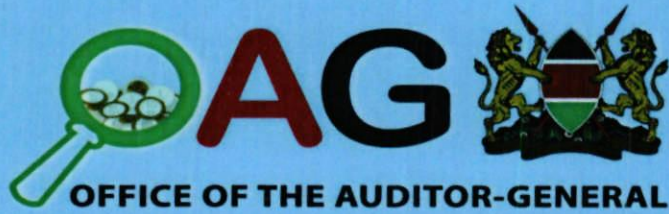


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	8/6/2022
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman

OF

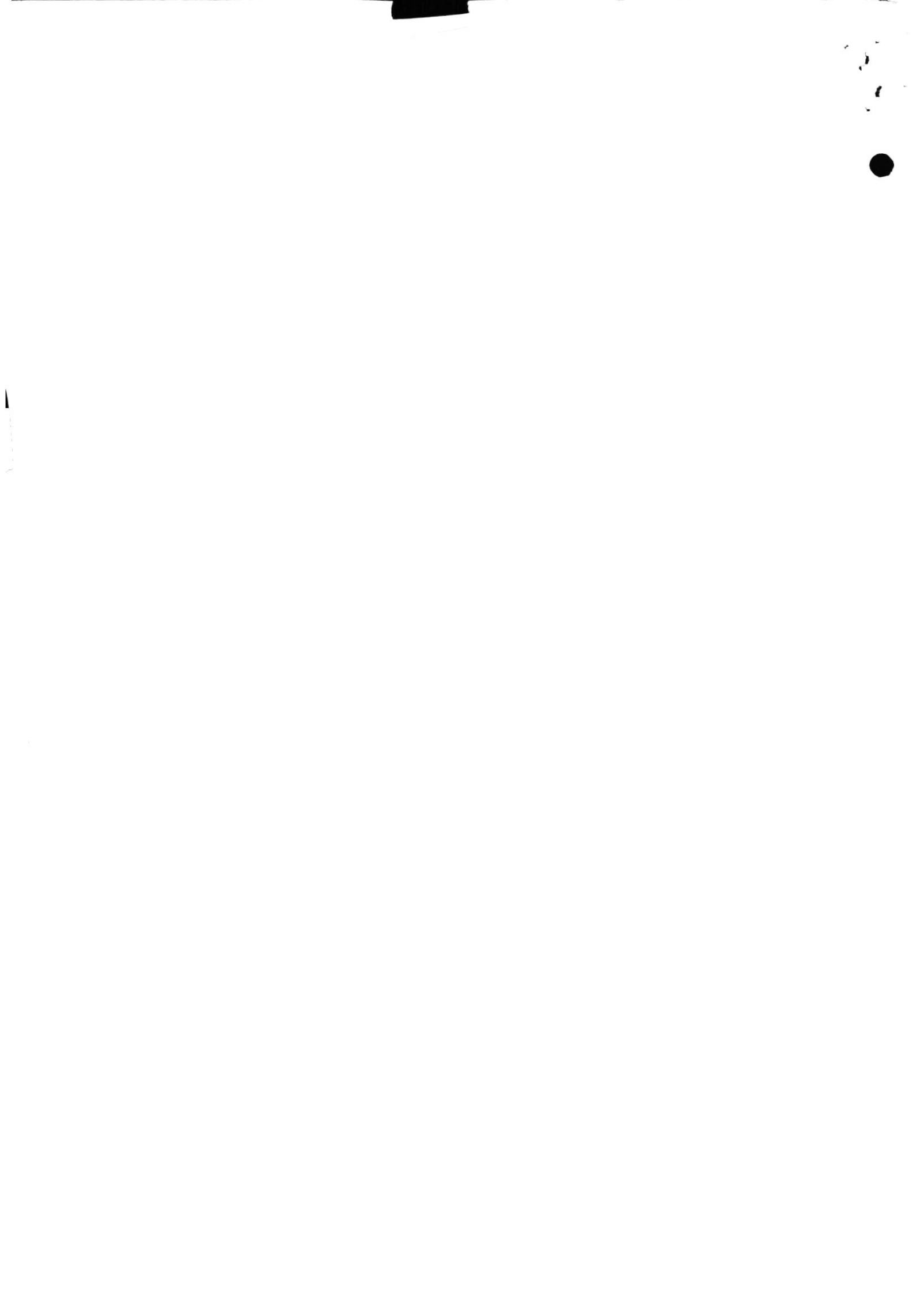
THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

COUNTY EXECUTIVE OF NYERI

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
04 JAN 2022
RECEIVED
P.O. Box 267-101



COUNTY GOVERNMENT OF NYERI

ANNUAL REPORT AND FINANCIAL STATEMENTS

GOVERNOR'S OFFICE
NYERI COUNTY

ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
JUNE 30TH, 2021

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

**Annual Report and Financial Statements
For the year ended June 30, 2021.**

TABLE OF CONTENTS

TABLE OF CONTENTS	i
1. FORWARD BY THE CEC	viii
1) Health Services:	xiii
2) Lighting Projects:	xiv
3) Roads & other infrastructures:	xv
4) Education:.....	xviii
1. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES	xxvi
REPORTING	xxviii
2. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY.....	xxxi
3. STATEMENT OF MANAGEMENT RESPONSIBILITIES	xxxv
4. REPORT OF THE INDEPENDENT AUDITOR ON THE COUNTY EXECUTIVE OF NYERI 	xxxvii
5. FINANCIAL STATEMENTS.....	1
5.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021. 1	
5.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021	2
5.3. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021.	3
5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	4
5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT.....	5
5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	6
5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES	7
5.8. SIGNIFICANT ACCOUNTING POLICIES	12
5.9. NOTES TO THE FINANCIAL STATEMENTS	21
27. INCREASE/ (DECREASE) IN ACCOUNTS PAYABLES.....	37
5.10. OTHER IMPORTANT DISCLOSURES	38
28. Pending Accounts Payable.....	38
29. Pending Staff Payables (See Annex 3)	46
I. OTHER IMPORTANT DISCLOSURES (Continued) Other County Entities	53

COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.

5.11. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS	56
ANNEXES	66
ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER	66
ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE	67
ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES	68
ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES	69
ANNEX 5 –ANALYSIS OF ACCOUNTS RECEIVABLES	70
ANNEX 6 – SUMMARY OF NON-CURRENT ASSET REGISTER	73
ANNEX 7 – INTER-ENTITY TRANSFERS	74
ANNEX9 – BANK RECONCILIATION/FO 30 REPORT	75

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 Executive's* day-to-day management is under the following key organs:

- Office of the Governor



**Governor
His Excellency Mutahi Kahiga**

COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.



County Secretary
Mr. Gachichio Benjamin Wachira



Deputy Governor
Her Excellency Dr. Caroline Karugu



CEC Finance and Economic Planning
Mr. Mwangi Robert Thuo



CEC Education and Sports
Ms. Macharia Margaret Wangechi



**CEC Public Service and Solid
Waste Management**
Ms. Beth Karimi



**CEC Gender, Youth & Social
Service** Ms. Esther Ndung'u



**CEC Trade, Culture, Tourism
and Co-Operative**
Ms. Tarichia Diana Kendi

Annual Report and Financial Statements
For the year ended June 30, 2021.



**CEC Water, Irrigation,
Environment and Climate Change
Mr. Kinyua Fredrick Wanjohi**



**CEC Transport, Infrastructure,
Public Works and Energy
Mr. Kariuki Muthui**



**CEC Health Services
Dr. Rachael Kamau**



**CEC Land, Physical Planning,
Housing and Urban Development
Dr. Wanjaria Daniel Kwai**



**CEC Agriculture, Livestock and
Fisheries
Mr. James Wachihi**



**Speaker of the County Assembly
Hon. John Kagucia**



**Chairman of the County
Assembly Finance Committee
Hon. Erastus Karanja Muriuki**

COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 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, Physical Planning & Urban Development	Hannah Maranga
4.	Accounting Officer	Health Services	Newton Wambugu
5.	Accounting Officer	Education and Sports	Simon Wachira Ngatia
6.	Accounting Officer	Public Service Management	Joseph Kanyi King'ori
7.	Accounting Officer	Solid Waste Management	Mary Violet Koigi
8.	Accounting Officer	Transport, Infrastructure, Public Works and Energy	Julius Ringera
9.	Accounting Officer	Agriculture, Livestock & Fisheries	Ruth Mwangi
10.	Accounting Officer	Trade, Tourism And Co-Operatives	Ibrahim Adan Eden
11.	Accounting Officer	Gender, Social Services & Youth	George M. Mwangi
12.	Accounting Officer	Water, Irrigation, Environment and Climate Change	Pauline Ndegwa
13.	Accounting Officer	County Secretary's Office	Solomon N. Chengecha
14.	Accounting Officer	Governor's Office	Mwangi Kamanja
15.	Accounting Officer	County Assembly	Jenard Mwiggeh

d) Fiduciary Oversight Arrangements

- Audit and Finance Committee Members

No.	Designation	Portfolio	Name
1.	Ag. Chairman	Audit committee	John Ngure Mwangi
2.	Secretary	Audit committee	John K. Muchira
3.	Member	Audit committee	Pauline Wanjiru
4.	Member	Audit committee	Michael Chege
5.	Member	Audit committee	Margaret Macharia
6.	Member	Audit committee	Lucy K. Kangangi

Table 2: Public Accounts Committee Members

No.	MEMBER	DESIGNATION
1.	Hon. Njuguna Kawanjiku	Chairperson
2.	Hon. Simon Muturi	Vice Chairperson
3.	Hon. David Kabatha	Member
4.	Hon. Joseph Nderitu	Member
5.	Hon. Kiruga Thuku	Member
6.	Hon. Margaret Muthoni	Member
7.	Hon. Lilian Wanjiku	Member
8.	Hon. Mary Ndomo	Member
9.	Hon. Stanley Wakibia	Member

e) 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.

f) 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.

g) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

h) Principal Legal Adviser

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

COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.

1. FORWARD BY THE CEC



A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament. This is achieved through coordinating and enhancing participation in governance of communities at the local level especially in the wards and sub counties. The communities will be empowered to develop administrative capacity for effective exercise of functions and powers of governance.

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 quarter and end of each financial year.

Preparation of these statements is in accordance with the guidelines, standard, and format prescribed by the Public Sector Accounting Standard Board. The financial statements provide a true and fair view of the financial position of the county as at 30th June 2021.

In the fiscal year 2020/2021, the total County budget was Kshs 9,098,018,004 from this amount, Kshs. 5,899,438,369.00 was allocated for recurrent expenditure while Kshs 3,198,579,635 was set aside for development projects. The funding of this budget was expected from Equitable Share, Local Revenue, Conditional Grants, Donor Funds, and Transfers from other Government Entities & Agencies.

The cumulative local revenue collected as at the end of the financial year, amounted to Kshs. 886,940,830.83 while equitable share and conditional grants amounting to Kshs. 7,240,602,888.30 was received from the National Government. It's important to note that Nyeri County own source revenue collection had significantly improved by 34% from the previous financial year. This was due to an enabling business environment in the County.

Financial Management & Service Delivery:

The Department of Finance and Economic Planning adopted austerity measures to manage and control expenditure. This commitment resulted into major success for the County as it was possible to settle utility bills, pay staff salaries and witness remarkable progress on major projects. Some of the projects include the near to completion construction of a modern bus terminus in Nyeri Town, re-carpeting of various roads & increasing the number of street parking slots in Nyeri Town, construction of Narumoru Level IV Hospital in Kieni East Sub-County, ongoing construction of Kienjero solar dam in Mugunda Ward, Kieni West Sub-County.

The ability to demonstrate results through the hard economic period won immense public support and confidence. It is important to note that the County Government of Nyeri under the leadership of H.E Governor Mutahi Kahiga has been praised for emerging third top best out of 47 counties during the recently released Kenya County Budget Transparency Survey 2020.

The County treasury will continue encouraging departments to be prudent in management and utilization of the allocated resources which are limited to fit all the competing needs. The County was keen on adding value for the money in the budget implementation and utilization of public funds. Therefore, focus was geared towards ensuring resources are continuously allocated to priority areas in line with the County's long-term development agenda.

**Annual Report and Financial Statements
For the year ended June 30, 2021.**

Effect of Covid-19 Pandemic:

During the year 2020, the Nation was hit by Covid-19 Pandemic. Containment Measures were put in place by the President to prevent widespread of the viral disease. These measures included closure of hotels and bars and regulation of working hours as was required by the curfew. This led to closure of businesses and layoff of many Kenyans which adversely affected the Country economically.

The pandemic and its aftermath affected revenue collection both at the Counties and the National levels. In Nyeri County, the revenue collected in FY 2020/2021 in comparison to the previous FY 2019/2020 considerably improved by 34%. This was due to the economic stimulus program by the county that included waivers and enforcement measures. The County government is keen on providing a business enabling environment by actively participating in Covid-19 sensitization campaigns and ensuring availability of vaccines. This has helped to boost confidence and bring back normalcy especially for the business community.

During the year under review, the County experienced financial challenges due to various factors among them a stalemate on the Division of Revenue Bill by the Senate. This standoff emanated from a disagreement on the amount of funds to be disbursed to Counties. This affected the disbursement of exchequer by the National Government influencing operations in the four quarters of the year. This was crowned by the April and May 2021 exchequers that were received at the end of June 2021. The June 2021 exchequer was received on 2nd July 2021; these funds were carried forward in County Revenue Fund (C.R.F) Account to financial year 2021/2022. The delayed disbursement of the exchequers had an adverse effect on the timeliness of service delivery in the County.

The County's absorption as per the budgetary allocation was 84.58% at the end of the financial year 2020/2021. The County Treasury will continue encouraging departments to be prudent in management and utilization of the allocated resources which are limited to fit all the competing needs. The County is keen to add value for money in the budget implementation and utilization of public funds. Focus will, therefore, be geared towards ensuring resources are continuously allocated to priority areas in line with the County's long-term development agenda.

COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.

The table below illustrates revenue performance during the financial year.

Table 1: Exchequer Releases from the National Treasury and transfers from other Government Agencies during the Financial Year 2020/2021.

	Revenue Source	Revised Approved Budget as per CARA - 2020	Actual Disbursements as at 30 th June 2021	Percentage (%)
1	Level 5 Hospitals	407,861,271	407,861,272	100%
2	Road Maintenance Fuel Levy Fund	151,875,577	190,282,444	125%
3	Covid - 19	0	0	0%
4	User Fees Forgone	13,701,379	13,701,379	100%
5	Development of Youth Polytechnics	48,949,894	48,949,894	100%
6	DANIDA	15,390,000	15,390,000	100%
7	Kenya Climate Smart Agricultural Project (KCSAP)	312,177,550	282,341,990	90%
8	Agricultural Sector Development Support Programme- ASDSP	11,958,572	11,459,306	96%
9	Kenya Devolution Support Program (KDSP Level I)	45,000,000	45,000,000	100%
10	Kenya Devolution Support Program (KDSP Level II)	184,795,683	184,795,683	100%
11	Kenya Urban Support Program (KUSP - UDG)	236,639,100	128,687,212	54%
12	Transforming Health Systems for Universal Health Care (World Bank THS-UCP)	28,800,000	27,352,242	95%
13	GOK (Universal Health Coverage) - UHC	0	0	0%
14	CENTER FOR DISEASE CONTROL (C.D.C)	7,186,567	7,186,567	100%
15	Sub-total	1,464,335,593	1,363,007,989	93%

Table 2: Summary of total revenue / receipts as at 30th June 2021.

S/No.	Revenue Source	Approved Budget	Actual Receipts	Percentage (%)
1	Equitable Share	5,877,594,900	5,877,594,900	0
2	Conditional Grants	1,791,673,888.20	934,258,772	52
3	Level 5 Hospitals	428,749,217	428,749,217	0
4	Local Revenue	1,000,000,000	886,940,831	88
5	Balance brought forward	0	649,744,449	0
Total Budget / Receipts		9,098,018,005	8,777,288,168	96

Figure 1: Graphical representation of FY 2020/2021 approved budget Vs cumulative actual receipts.

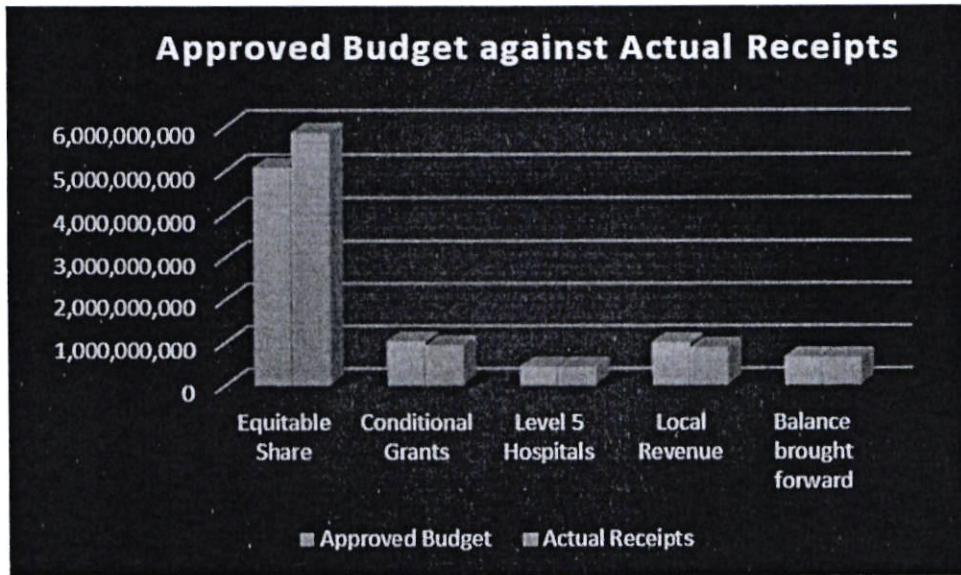
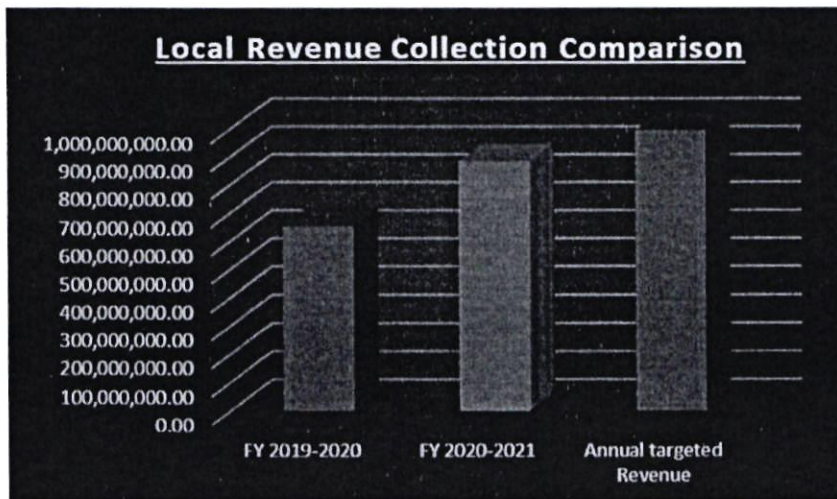


Table 3: County Own Revenue Performance Comparison

County Own Source Revenue Performance				
Description	Annual targeted Revenue	FY 2020-2021	FY 2019-2020	Percentage Change in Revenue collection
	Kshs.	Kshs.	Kshs.	
Local Revenue Collection	1,000,000,000	886,940,831	656,628,152.63	35%

The County managed to collect Kshs. 886,940,831 compared to Kshs. 656,628,152.63 collected during previous financial year 2019/2020.



COUNTY EXECUTIVE - COUNTY GOVERNMENT OF NYERI
Annual Report and Financial Statements
For the year ended June 30, 2021.

Budget Performance:

By the end of the financial year, the County overall budget absorption rate was at 84.58% with Recurrent at 94.45% and Development at 68.28%. The combined recurrent and development percentage was calculated against cumulative expenditure as at 30th June 2021 over total allocation for the year. The County Treasury was keen in streamlining its processes for optimal utilization of allocated funds as budgeted despite the effect of Covid-19 which affected development budget performance.

Table 4: Recurrent Budget Performance

Recurrent Expenditure Budget Performance by Departments for FY 2020/2021			
Departments	Budget Allocation (Kshs)	Actual Expenditure (Kshs)	Absorption rate (%)
Office of the Governor and Deputy Governor	129,352,337	128,252,301	99
Office of the County Secretary	350,222,672	346,847,606	98
Finance and Economic Planning	870,235,761	781,020,779	90
Lands, Physical Planning, Housing and Urban Development	44,272,583	43,026,888	97
Health Services	2,689,242,815	2,588,512,317	96
Gender, Social Services and Youth	67,909,974	65,560,194	97
County Public Service Management and Solid Waste Management	106,277,808	103,436,848	97
Agriculture, Livestock and Fisheries	301,270,924	267,497,729	89
Trade, Tourism and Co-operative Development	54,238,810	51,760,433	95
Education and Sports	326,727,708	297,211,475	90
Water, Irrigation, Environment and Climate Change	77,910,989	76,784,733	99
County Public Service Board	44,559,278	43,544,334	98
Transport, Infrastructure Public Works and Energy	131,131,479	127,440,280	97
TOTAL	5,193,353,138	4,920,895,917	94.45